

**BOROUGH OF STONE HARBOR
COUNTY OF CAPE MAY**

2025-S-168

**RESOLUTION OF THE BOROUGH COUNCIL OF THE BOROUGH OF
STONE HARBOR APPROVING A FOURTH ROUND AFFORDABLE
HOUSING TRUST FUND SPENDING PLAN AND REQUESTING
PORGRAM AND COURT APPROVAL OF THE SPENDING PLAN**

WHEREAS, the Borough of Stone Harbor (hereinafter “Borough” or “Stone Harbor”) has an approved Development Fee Ordinance that was adopted on August 5, 2008, which established standards for the collection, maintenance, and expenditure of development fees; and

WHEREAS, the Borough’s previous Affordable Housing Trust Fund Spending Plan was approved by the Court in the Third Round; and

WHEREAS, on March 20, 2024, Governor Murphy signed into law P.L. 2024, c.2, which amended the 1985 New Jersey Fair Housing Act (hereinafter the “Amended FHA”) which governs how municipalities will comply with their affordable housing obligations for the Fourth Round (2025-2035); and

WHEREAS, the Administrative Office of the Courts issued Directive #24-40 (“AOC Directive #14-24), governing how municipalities file their compliance documents with the Affordable Housing Dispute Resolution Program (“the Program”); and


WHEREAS, the Borough has prepared a Fourth Round Spending Plan consistent with the Amended FHA, AOC Directive #24-40, N.J.A.C. 5:93, and other applicable regulations, which projects anticipated revenues to the Borough’s Affordable Housing Trust Fund and describes the anticipated expenditures of funds;

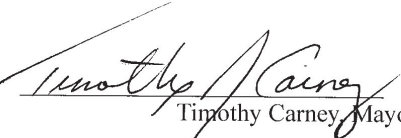
NOW, THEREFORE, BE IT RESOLVED by the Council of the Borough of Stone Harbor, County of Cape May, State of New Jersey, as follows:

1. The Borough Council of the Borough of Stone Harbor hereby approves the Fourth Round Spending Plan that is attached hereto as Exhibit A, and requests that the Program and the Court review and approve the Borough’s Fourth Round Spending Plan.
2. This Resolution shall take effect immediately upon adoption, according to law.

I HEREBY CERTIFY THAT the foregoing resolution was duly adopted by the Borough Council of the Borough of Stone Harbor, New Jersey at the Regular Meeting held on June 17, 2025, with the voting record as indicated below.

	<u>MOTION</u>	<u>SECOND</u>	<u>AYE</u>	<u>NAY</u>	<u>RECUSE</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Councilmember Dallahan		X	X				
Councilmember Foschini			X				
Councilmember Parzych			X				
Councilmember Casper			X				
Councilmember Gensemer	X		X				
Councilmember Biddick			X				


Jeanne M. Parkinson, Borough Clerk


Timothy Carney, Mayor

BOROUGH OF STONE HARBOR
CAPE MAY COUNTY, NEW JERSEY



Spending Plan

MAYOR

Tim Carney

BOROUGH COUNCIL

Jennifer Gensemer, Council President

Frank Dallahan

Robin Casper

Bunny Parzych

Victor Foschini

Ken Biddick

June 2025

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A blue ink signature of Jennifer L. Heller, written over a horizontal line.

Jennifer L. Heller, PP, AICP

Township Planner

New Jersey License No. 6486

BOROUGH OF STONE HARBOR

AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

INTRODUCTION

The Borough of Stone Harbor (hereinafter the “Borough”), Cape May County, has prepared a Housing Element and Fair Share Plan that addresses its regional fair share of the affordable housing need in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Amended Fair Housing Act (FHA-2) (N.J.S.A. 52:27D-301) and the proposed new Fair Housing Act Rules promulgated by the New Jersey Department of Community Affairs (DCA) (N.J.A.C. 5:99). A Development Fee Ordinance creating a dedicated revenue source for affordable housing was approved by the Superior Court, and adopted by the Borough of Stone Harbor on December 15, 2008. The ordinance established the Borough of Stone Harbor Affordable Housing Trust Fund for which this Spending Plan has been prepared. This Spending Plan has been prepared in accordance with the amended Fair Housing Act.

As of December 31, 2024, the Borough of Stone Harbor has a balance of \$3,563,937.94. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees are deposited in a separate interest-bearing affordable housing trust fund in Sturdy Savings Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:93-8.16 as described in the sections that follow.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of certification, the Borough of Stone Harbor considered the following:

(a) Development fees:

1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. Projects which have been approved by the Planning and Zoning Boards and have received all land use approvals and are currently under construction;
3. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and

4. Future development that is likely to occur based on discussions with developers, historical rates of development and / or projected development in accordance with the Amended FHA projections.

(b) Payment in lieu (PIL):

No payment in lieu (PIL) funds have been collected. Currently, there are also no actual or committed payments in lieu (PIL) of construction from developers.

(c) Other funding sources:

Funds from other sources, including, but not limited to, the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, proceeds from the sale of affordable units. The Borough collects rent from the tenants residing in the triplex.

(d) Projected interest:

Interest on the projected revenue in the Borough's Affordable Housing Trust Fund based upon the average amount earned in prior years.

2. REVENUE PROJECTION

SOURCE OF FUNDS	Projected Revenues - Housing Trust Fund - 2025 Through 2035					
	5/1/25 Through 12/31/25	2026	2027	2028	2029	2030
(a) Development fees:						
1. Approved Development	\$50,000	\$50,000				
2. Development Pending Approval	\$50,000	\$50,000				
3. Projected Development	\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000
(b) Payments in Lieu of Construction						
(c) Other Funds (Specify source(s)) Rent from Triplex			\$28,200	\$28,200	\$28,200	\$28,200
(d) Interest	\$22,000	\$8,000	\$18,000	\$18,000	\$18,000	\$18,000
Total	\$222,000	\$208,000	\$196,200	\$196,200	\$196,200	\$196,200

SOURCE OF FUNDS	Projected Revenues – Affordable Housing Trust Fund 2025 Through 2035				
	2031	2032	2033	2034	2035
(a) Development fees:					
1. Approved Development					
2. Development Pending Approval					
3. Projected Development	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
(b) Payments in Lieu of Construction					
(c) Other Funds (Specify source(s)) Rent from Triplex	\$28,200	\$28,200	\$28,200	\$28,200	\$28,200
(d) Interest	\$18,000	\$18,000	\$8,000	\$18,000	\$18,000
Total	\$196,200	\$196,200	\$196,200	\$196,200	\$196,200

The Borough of Stone Harbor projects a total of \$2,195,800.00 in revenue to be collected between January 1, 2025 and December 31, 2035. All interest earned on the account shall accrue to the account to be used for the purposes of affordable housing.

The Borough, as of December 31, 2024, had in the Affordable Housing Trust Fund an amount of \$3,563,937.94. When added to the potential development fee collection amount of \$2,195,800.00, (including interest), a potential total development fee and interest revenue of \$5,759,737.94 results.

3. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by the Borough of Stone Harbor:

(a) Collection of development fee revenues:

- (a) Collection of development fee revenues shall be consistent with the Borough of Stone Harbor's Development Fee Ordinance for both residential and non-residential developments in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Amended Fair Housing Act (FHA-2) (N.J.S.A. 52:27D-301) and the proposed new Fair Housing Act Rules promulgated by the New Jersey Department of Community Affairs (DCA) (N.J.A.C. 5:99).

Pursuant to a development approval by the board having jurisdiction, the land use administrator will notify the construction official of the approval. At the time of construction permit application, the construction official will notify the tax assessor and request an initial calculation of the equalized assessed value (EAV) of the proposed development and the resulting fee to be posted. One-half of the fee will be due at the time of issuance of the first building permit. For non-residential development only, the

developer will provide a copy of Form N - RDF "State of New Jersey Non-Residential Development Certification/Exemption." The tax assessor will use this form to verify exemptions and to prepare estimated and final assessments.

At the time of request for the final inspection, the construction official will notify the tax assessor and request confirmation of, or modification of, the initial (EAV) as the case may be. The final (EAV) will be provided to the developer of the request for final inspection. Payment of the fee will then become a condition of issuance of the certificate of occupancy.

(b) Distribution of development fee revenues:

Distribution of development fees revenues shall be determined by the Borough Administrator in accordance with the Borough's 2025 Fourth Round Housing Element and Fair Share Plan.

4. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(a) **Affordability Assistance (N.J.A.C. 5:99-2.5)**

Pursuant to N.J.A.C. 5:99-2.5, the Borough is required to set aside a portion of all development fees collected and interest earned for the purpose of providing affordability assistance to low- and moderate-income households in affordable units included in the Borough's fair share plan. Affordability assistance means the use of funds to render housing units more affordable to low- and moderate-income households and includes, but is not limited to, down payment assistance, security deposit assistance, low interest loans, rental assistance, assistance with homeowner's association or condominium fees and special assessments, common maintenance expenses, and assistance with emergency repairs and rehabilitation to bring deed-restricted units up to code, pursuant to N.J.A.C. 5:99-2.5. This may also include offering a subsidy to developers of inclusionary or 100% affordable housing developments or buying down the cost of low- or moderate-income units in the Borough's fair share plan to make them affordable to very low-income households, including special needs and supportive housing opportunities.

Projected affordability assistance:

Actual development fees through 12/31/24		\$5,421,459.45
Actual interest earned through 12/31/24	+	\$120,039.36
Development fees projected 2025-2035	+	\$1,200,000.00
Interest projected 2025-2035	+	\$192,000.00
Less housing activity expenditures through 6/2/2008	-	\$0.00
Total	=	\$6,933,495.81
Calculate 30 percent	x .30 =	\$2,080,048.74
Less Affordability assistance expenditures through 4/30/25	-	\$0.00
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2025 through 12/31/2035	=	\$2,080,048.74
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2025 through 12/31/2035	÷ 3 =	\$693,349.58

The Borough of Stone Harbor will dedicate \$2,080,048.74 from the affordable housing trust fund to render units more affordable, including \$693,349.58 to render units more affordable to households earning 30 percent or less of median income by region, as follows:

Providing for the conversion of low- and moderate-income units to very-low-income units, down payment assistance, emergency repair assistance, emergency/hardship mortgage payment assistance and rental assistance. The Borough will continue to provide security deposit assistance and rental assistance programs to provide assistance to moderate-, low- and very-low-income residents. In addition, the current tenant of the Triplex, who has been qualified as a low/moderate-income household, has been relocated temporarily while Triplex construction continues. The Borough, pursuant to a verbal agreement with Fair Share Housing Center, is utilizing affordability assistance funds to offset the costs associated with the tenant being temporarily relocated from her unit until construction is completed on the Triplex.

As per N.J.A.C. 5:99-2.5, the Borough reserves the right to utilize a portion of its Affordability Assistance funding for other affordable housing purposes. Such expenditures will not include Administrative Expenses.

(b) Administrative Expenses (N.J.A.C. 5:99-2.4(a))

Per N.J.A.C. 5:99-2.4(a), no more than 20 percent of all affordable housing trust funds, exclusive of those collected prior to July 17, 2008, to fund an RCA, shall be expended on administration.

The Borough of Stone Harbor projects that \$1,207,068.80 will be available from the affordable housing trust fund to be used for administrative purposes.

Actual dev fees and interest thru 12/31/24		\$5,541,498.81
Projected dev fees and interest 2025 thru 2035	+	\$1,942,000.00
Total	=	\$7,483,498.81
Calculate 20 percent	x .20 =	\$1,496,699.76
Less admin expenditures thru 12/31/24	-	\$289,630.96
PROJECTED MAXIMUM available for administrative expenses 1/1/2025 thru 12/31/2035	=	\$1,207,068.80

The Borough of Stone Harbor projects that \$1,207,068.80 will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

- 1) Consulting and legal fees for the preparation of housing element/fair share plans and other supporting documents,
- 2) Fees for other consulting activities as may be found necessary as the Borough implements its Housing Element and Fair Share Plan, and
- 3) Fees for the administration of affordability assistance programs by qualified entities retained by the Borough of Stone Harbor.

Total Administrative Expenses Expenditure: \$1,207,068.80

(c) Housing Activity

The Borough intends to use \$2,472,620.20 to raise the triplex, perform any necessary foundation repairs and renovate the triplex so that the Borough can begin to affirmatively market the units.

(d) Emerging Compliance Mechanisms (N.J.A.C. 5:99-4.1)

In the event that the Borough has additional funds remaining in the Trust Fund after expending the funds identified in the Expenditure Schedule set forth below, the Borough may dedicate remaining available funds towards emerging compliance mechanisms that have yet to be identified. This may include providing funding assistance to a new 100% affordable project, market to affordable programs, or any other use authorized in N.J.A.C. 5:99-2.3 for a project that will provide at least a 20% affordable housing set-aside.

The Borough will identify and prioritize these projects/programs in the future and as funding becomes available through collection of development fees, and such projects will

be proactively pursued as funding becomes available. Court approval of this Spending Plan shall constitute the required approval for such expenditure.

Regarding the Borough's dedication of trust fund monies to future emerging affordable housing opportunities, to ensure that these funds are committed in a timely manner, the Borough will provide an annual update on the allocation of these funds and commit to expending these funds pursuant to N.J.S.A. 52:27D-329.2 and -329.3. The four-year deadline to commit and expend collected fees for emerging compliance mechanisms shall commence upon the entry of a Final Round 4 Judgment of Compliance and Repose from a Court or a Compliance Certification from the Program and the Court.

5. EXPENDITURE SCHEDULE

The Borough of Stone Harbor intends to use Affordable Housing Trust Fund revenues for the creation and / or rehabilitation of housing units. Where applicable, the creation / rehabilitation funding schedule below parallels the implementation schedule set forth in the Borough's Housing 2025 Element and Fair Share Plan and is summarized as follows.

PROJECTS/PROGRAMS	Number of Units Projected	PROJECTED EXPENDITURE SCHEDULE 2025-2035
		<u>TOTAL</u>
Affordability Assistance		\$2,080,048.74
Housing Activity		\$2,472,620.20
Total		\$4,552,668.94

6. EXCESS OR SHORTFALL OF FUNDS

In the event that a shortfall of anticipated revenues occurs, the Borough of Stone Harbor will address the shortfall through bonding, which is highly unlikely to occur given the amount of money already in the Affordable Housing Trust Fund.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to fund additional affordable housing programs in the Borough.

7. BARRIER FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with the Borough of Stone Harbor's Affordable Housing Ordinance in accordance with applicable regulations.

Summary

The Borough of Stone Harbor intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:99 and consistent with the housing programs outlined in the Borough's 2025 Fourth Round Housing Element and Fair Share Plan.

The Borough of Stone Harbor has a balance of \$3,563,937.94 as of December 31, 2024, and anticipates an additional \$2,195,800.00 in revenues before the end of the Fourth Round for a total of \$5,759,737.94. The municipality will dedicate \$2,080,048.74 for affordability assistance, \$2,472,620.20 for housing activity and \$1,207,068.80 to cover administrative costs. The municipality will dedicate any excess funds toward additional affordable housing programs in the Borough.

SPENDING PLAN SUMMARY	
Balance as of December 31, 2024	+ \$ 3,563,937.94
PROJECTED REVENUE by 12/31/2035	
Development fees	+ \$ 1,750,000.00
Payments in lieu of construction	+ \$ 0.00
Other funds	+ \$ 253,800.00
Interest	+ \$ 192,000.00
TOTAL REVENUE	= \$ 5,759,737.94
EXPENDITURES	
Affordability Assistance	– \$ 2,080,048.74
Housing Activity	– \$ 2,472,620.20
Administrative Expenses	– \$ 1,207,068.80
TOTAL PROJECTED EXPENDITURES	= \$ 5,759,737.74
REMAINING BALANCE	= \$ 0.00