BOROUGH OF WEST CAPE MAY COUNTY OF CAPE MAY STATE OF NEW JERSEY

RESOLUTION #131-25

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE BOROUGH
OF WEST CAPE MAY APPROVING A FOURTH ROUND AFFORDABLE
HOUSING TRUST FUND SPENDING PLAN AND REQUESTING
PROGRAM AND COURT APPROVAL OF THE SPENDING PLAN

WHEREAS, the Borough of West Cape May (hereinafter "Borough" or "West Cape May") has an approved Development Fee Ordinance that was adopted on January 28, 2009, 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 on September 23, 2024; 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 #14-24 ("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 #14-24, and 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 Board of Commissioners of the Borough of West Cape May, County of Cape May, State of New Jersey, as follows:

 The Board of Commissioners of the Borough of West Cape May 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.

Carol E. Salto, Mayors

George Dick, Departy Mayor

Giacomo Antonicello, Commissioner

Theresa Enteado, RMC Municipal Clerk

Adopted: July 23, 2025

11(topted: july 20, 2020

cc: Affordable Housing Counsel

Affordable Housing Planner

Borough Solicitor

Finance

File

bas (10.5.6) a	Aye	Nay	Abstain	Absent
Sabo	V,			
Dick	V		VIZILIA	
Antonicello			V	

I hereby certify that the foregoing is a true copy of a Resolution duly passed and adopted by a majority of full membership of the Board of Commissioners of the Borough of West Cape May, County of Cape May, New Jersey, at a meeting held on July 23, 2025.

Municipal Clerk

Borough of West Cape May Affordable Housing Trust Fund Fourth Round Spending Plan

July 2025

Adopted by the Borough Commissioners on July 23, 2025

Borough of West Cape May

Cape May County, New Jersey

Prepared By:



Heyer, Gruel & Associates

Community Planning Consultants 236 Broad Street, Red Bank, NJ 07701 (732) 741-2900

The original of this report was signed and sealed in accordance with N.J.S.A. 45:14A-12

Susan S. Gruel, P.P. #1955

With contributing content by Hanah Davenport, AICP #393588

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INTRODUCTION

On September 12, 2007, West Cape May Borough adopted its first Development Fee Ordinance (Ordinance 394-07) which established the Borough's Affordable Housing Trust Fund. The ordinance was subsequently amended by Ordinances 419-08 (adopted January 28, 2009), 433-09 (adopted November 11, 2009), and 437-09 (adopted November 11, 2009).

The Development Fee Ordinance establishes standards for the collection, maintenance, and expenditure of development fees consistent with: (a) COAH rules; (b) P.L.2008, c.46, Sections 8 and 32-38 (C.52:27D-329.1 et al.); and (c) the Statewide Non-Residential Development Fee Act (C. 40:55D-8.1 through 8.7). All development fees, payments in lieu of constructing affordable units on site, and any other source of income are deposited into this separate affordable housing trust fund for the sole purpose of providing affordable housing.

As of June 3, 2025, the Affordable Housing Trust Fund established by the Borough had a balance of \$594,414.14. All development fees and interest generated by the fees are deposited in this separate, interest-bearing affordable housing trust fund for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:99, or applicable regulations, as described in the sections that follow.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of the Fourth Round, the Borough of West Cape May 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. All projects currently before the land use board for development approvals that may apply for building permits and certificates of occupancy; and
- 3. Future development that is likely to occur based on historical rates of development.

(b) Projected interest

1. Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate.

To calculate the projection of revenue anticipated from the general development fees, previous transactions within the Affordable Housing Trust Fund dating back to 2015 were reviewed and averaged. The Trust Fund collected approximately \$103,000 annually during this time frame. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. Projected revenues through 2035 are outlined in Table 1 below.

The Borough projects a total of \$1,036,088.70 in development fees will be collected between July 1, 2025 and June 30, 2035. An additional \$4,662.40 in interest is projected to be earned. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. In conjunction with the existing Trust Fund balance of \$594,414.14, the Borough projects total Trust fund revenues and interest of \$1,635,165.24 through June 30, 2035.

TABLE 1: PROJECTED REVENUES					
		Source of F	unds		
Year	Historical Balance (as of 6/3/2025)*	(a) Projected Development Fees	(c) Projected Interest	Total	
Current Balance	\$594,414.14			\$594,414.14	
2025		\$51,804.44	\$233.12	\$52,037.55	
2026		\$103,608.87	\$466.24	\$104,075.11	
2027		\$103,608.87	\$466.24	\$104,075.11	
2028		\$103,608.87	\$466.24	\$104,075.11	
2029		\$103,608.87	\$466.24	\$104,075.11	
2030		\$103,608.87	\$466.24	\$104,075.11	
2031		\$103,608.87	\$466.24	\$104,075.11	
2032		\$103,608.87	\$466.24	\$104,075.11	
2033		\$103,608.87	\$466.24	\$104,075.11	
2034		\$103,608.87	\$466.24	\$104,075.11	
2035		\$51,804.44	\$233.12	\$52,037.55	
TOTAL	\$594,414.14	\$1,036,088.70	\$4,662.40	\$1,635,165.24	

^{*}Balance shown on the COAH CTM System accessed on June 3, 2025. This may not reflect pending transactions. Prepared by HGA

2. 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 West Cape May:

(a) Collection of development fee revenues

Collection of development fee revenues shall be consistent with the Borough's Development Fee Ordinance for both residential and non-residential developments in accordance with applicable COAH regulations, and P.L. 2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

(b) Distribution of development fee revenues

Collected development fees will be distributed for the underwriting of the programs described herein under the supervision of the Borough's Administrative Agent and the Borough's Municipal Housing Liaison (hereinafter "MHL").

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

The following represent the anticipated affordable housing projects within the Borough of West Cape May that will utilize Trust Fund monies. For additional details on the below projects, see the Borough's Fair Share Plan.

(a) General Activity

1. Habitat for Humanity Project on Willow Avenue (Block 21.02, Lot 27)

As stipulated in the Borough's 2023 Affordable Housing Agreement with Habitat for Humanity ("HFH") and as indicated in the 2023 Spending Plan, the Borough agrees to work with HFH to support the creation of two new affordable units on the Willow Avenue property including one low-income unit and one moderate-income unit. On August 9, 2023, the Borough Planning and Zoning Board granted subdivision approval for the Willow Avenue property, creating three new lots. Two of these parcels are currently in the process of being conveyed to Habitat for Humanity for \$1.

The Borough agrees to contribute \$50,000.00 of Affordable Housing Trust Fund monies to Habitat for Humanity to assist with the construction costs of the two units. In addition, the Borough will also utilize up to \$50,000.00 from the trust fund for site preparation and subdivision costs, and for costs involving the installation of sewer and water connections to the site.

Aligned with the 2023 Spending Plan, the Borough reimbursed itself a total of \$344,292.00 from Affordable Housing Trust Fund monies in 2025 for the cost of acquiring the Willow

Avenue site. For the years of 2025-2035, the Borough will reserve an additional \$441,970.00 of Trust Fund monies to further reimburse the Borough for the land acquisition.

Including the additional funds for the land acquisition, construction costs, and site preparation/subdivision costs, in total the Borough will set aside a total of \$541,969.77 from its 2025-2035 Trust Fund to support the Habitat for Humanity project.

2. Accessory Apartment Program

The Borough will utilize \$540,000.00 from the Trust Fund towards its Accessory Apartment Program. Each very-low income unit will receive a fixed subsidy of \$70,000.00, each low-income unit will receive a fixed subsidy of \$40,000.00, and each moderate-income unit will receive a fixed subsidy of \$25,000.00.

(b) Affordability Assistance

As per the requirements regarding the use of funds for affordability assistance laid out in <u>N.J.A.C.</u> 5:99-2.5, the Borough is required to set aside a portion of all development fees collected and interest earned to provide affordability assistance to very low-, low-, and moderate-income households. The Borough will set-aside 30% for this purpose.

The calculation of available affordability assistance funds is performed by considering the lifetime of the Trust Fund. To project the funding amount that is dedicated to affordability assistance, all actual expenditures spent on new construction activities as well as any rehabilitation activities from the inception of the fund are subtracted from the sum of the actual and projected development fees and interest. That total is multiplied by 30% to determine the affordability assistance requirement. The actual affordability assistance expenditures from the inception of the fund are then subtracted from the overall 30% that the Borough wishes to set aside for affordability assistance. This final outcome is the total remaining funds that will be dedicated to affordability assistance for the period moving forward.

West Cape May Borough has collected \$1,415,072.58 in development fees and interest through June 3, 2025. The Borough projects an additional \$1,036,088.70 in development fees and \$4,662.40 in interest through 2035.

The Borough will dedicate \$497,649.56 from the affordable housing Trust Fund to render units more affordable. The affordability assistance programs that the Borough will implement through its Administrative Agent will include, but are not limited, to: security deposit assistance; down payment assistance; emergency and health/safety repairs; and creating additional very low-income units. Furthermore, the Borough will contribute \$50,000.00 of the Affordability Assistance Trust Fund

monies to assist Habitat for Humanity in creating a financially feasible low-income family for-sale unit.

TABLE 2: AFFORDABILITY ASSISTANCE		
Actual Development Fees and Interest Earned through June 3, 2025		\$1,415,072.58
Projected Development fees 2025-2035	+	\$1,036,088.70
Projected Trust Fund Interest 2025-2035	+	\$4,662.40
Less Housing Activity through June 3, 2025	-	\$796,991.82
Total	=	\$1,658,831.86
30%	x 0.30 =	\$497,649.56
Less Affordability Assistance Expenditures through June 3, 2025	-	\$0.00
Projected Minimum Affordability Assistance through June 30, 2035	=	\$497,649.56

(c) Administrative Expenses

No more than 20% of revenues collected from development fees shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop and implement the Borough's Fair Share Plan, Accessory Apartment Program, affirmative marketing program, and affordability assistance programs. Administrative funds may also be used for income qualification of households, monitoring the turnover of sale and rental units, and compliance with monitoring requirements. Legal or other fees related to litigation opposing affordable housing sites are not eligible uses of the Affordable Housing Trust Fund.

The calculation of allowable administrative expenses is performed by considering the lifetime of the Trust Fund. To project the funding amount that will be available for administrative costs, the sum of all development fees actually collected and all interest earned since the inception of the account will be added to the sum of all projected development fees and interest projected to be collected throughout the Fourth Round. From this amount, any Regional Contribution Agreement (RCA) expenditures made or contractually obligated from the inception of the account are subtracted. This final amount is multiplied by 20% and then any actual administrative expenditures made since the inception of the Trust Fund are subtracted out. The final outcome of this calculation, as depicted in the following table, is the total remaining funds that will be available for administrative expenses through the end of the Fourth Round.

The Borough collected \$1,415,072.58 in development fees and interest through June 3, 2025. The Borough projects an additional \$1,036,088.70 in development fees and \$4,662.40 in interest through 2035. The Borough has never taken part in an RCA. West Cape May Borough has spent \$435,618.82 on administrative expenses between the inception of the Trust Fund and June 3, 2025.

Prepared by HGA

The Borough projects that a maximum of \$55,545.92 is available from the affordable housing Trust Fund for administrative expenses for the Fourth Round. Because the actual administrative expense maximum is calculated on an ongoing basis based on actual revenues, the Borough shall be permitted to spend 20% of the actual balance at any given time on administrative fees. Money becomes available for administrative expenses as additional income is collected.

TABLE 3: ADMINISTRATIVE EXPENSES		
Actual Development Fees and Interest Earned through June 3, 2025		\$1,415,072.58
Projected Development Fees 2025-2035	+	\$1,036,088.70
Projected Interest 2025-2035	+	\$4,662.40
RCA Contributions	+	\$0.00
Total	=	\$2,455,823.68
20% Maximum Permitted on Administrative Expenses through June 30, 2035	x 0.20 =	\$491,164.74
Less Administrative Expenditures through June 3, 2025	-	\$435,618.82
Projected Allowed Administrative Expenditures		\$55,545.92

4. EXPENDITURE SCHEDULE

The funding schedule below indicates the allotment of funds between July 1, 2025 and June 30, 2035.

				TABLE 4	: PROJECTED E)	TABLE 4: PROJECTED EXPENDITURE SCHEDULE 2025-2035	HEDULE 2025-20	135				
2000						X	Year					
riogialii	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	TOTAL
GENERAL												
Habitat for												
Humanity												
Construction Costs	\$10,000.00	\$20,000.00	\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00
Sewer, Water,												
Site Prep, &	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00
Subdivision												
Land Acquisition	\$22,098.49	\$44,196.98	\$44,196.98	\$44,196.98	\$44,196.98	\$44,196.98	\$44,196.98	\$44,196.98	\$44,196.98	\$44,196.98	\$22,098.49	\$540,000.00
Accessory												
Apartment Program	\$27,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$27,000.00	\$540,000.00
AFFORDABILITY ASSISTANCE	\$24,882.48	\$49,764.96	\$49,764.96	\$49,764.96	\$49,764.96	\$49,764.96	\$49,764.96	\$49,764.96	\$49,764.96	\$49,764.96	\$24,882.48	\$497,649.56
ADMINISTRATION	\$7,500.00	\$15,000.00	\$4,000.00	\$3,000.00	\$2,500.00	\$2,000.00	\$1,500.00	\$1,500.00	\$6,000.00	\$6,000.00	\$6,545.92	\$55,545.92
TOTAL	\$81,758.26	\$163,516.52	\$163,516.52	\$163,516.52	\$163,516.52	\$163,516.52	\$163,516.52	\$163,516.52	\$163,516.52	\$163,516.52	\$81,758.26	\$1,635,165.2

5. EXCESS OR SHORTFALL OF FUNDS

In the event of any expected or unexpected shortfall of funds necessary to implement the Fair Share Plan, the Borough will handle the shortfall of funds through an alternative funding source to be identified by the Borough and/or by adopting a resolution with an intent to bond. In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be dedicated towards the Borough's Accessory Apartment Program, additional Affordability Assistance and/or any other emergent affordable housing opportunities that may arise during the Fourth Round.

SUMMARY

The Borough of West Cape May intends to spend affordable housing trust fund revenues pursuant to applicable regulations, and consistent with the housing programs outlined in the Borough's Fourth Round Housing Element and Fair Share Plan.

As of June 3, 2025, the Borough's Affordable Housing Trust Fund had a balance of \$594,414.14. West Cape May anticipates an additional \$1,040,751.10 in revenues and interest by June 30, 2035, resulting in a projected balance of \$1,635,165.24 for the Fourth Round. The Borough will commit: \$541,969.77 for the Habitat for Humanity project (including \$50,000.00 for construction costs, \$50,000.00 for sewer, water, site prep, and subdivision costs, and \$441,969.77 for additional land acquisition costs); \$540,000.00 for the Borough's accessory apartment program; \$497,649.56 for affordability assistance efforts; and \$55,545.92 for administrative expenses.

TABLE 5: SPENDING PLAN SUMMARY	Y	
Balance as of June 3, 2025		\$594,414.14
PROJECTED REVENUE THROUGH JUNE 30, 2035		
Development fees	+	\$1,036,088.70
Interest	+	\$4,662.40
TOTAL REVENUE + CURRENT BALANCE	=	\$1,635,165.24
PROJECTED EXPENDITURES THROUGH JUNE 30, 2025		
General		
Habitat for Humanity Project		
Construction Costs	-	\$50,000.00
Sewer, Water, Site Prep, and Subdivision	-	\$50,000.00
Additional Land Acquisition Costs	-	\$441,969.77
Accessory Apartment Program	-	\$540,000.00
Affordability Assistance	-	\$497,649.56
Administration	-	\$55,545.92
Excess Funds for Additional Housing Activity	=	\$0.00
TOTAL PROJECTED EXPENDITURES	=	\$1,635,165.24
REMAINING BALANCE	=	\$0.00

Appendix A West Cape May Borough Development Fee Ordinance

h. The owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions of governing affordable housing units until such time as title is conveyed from the owner.

(Ord. No. 437-09 § 19)

28-1.16 Appeals.

Appeals from all decisions of an Administrative Agent designated pursuant to this section shall be filed in writing with the Executive Director of COAH. (Ord. No. 437-09 § 20)

28-2 AFFORDABLE HOUSING DEVELOPMENT FEES.*

*Editor's Note: Prior ordinance history includes portions of Ordinance No. 394-07.

28-2.1 Purpose.

- a. In Holmdel Builder's Association v. Holmdel Township, 121 N.J. 550 (1990), the New Jersey Supreme Court determined that mandatory development fees are authorized by the Fair Housing Act of 1985, N.J.S.A. 52:27d-301 et seq., and the State Constitution, subject to the rules adopted by the New Jersey Council on Affordable Housing's (COAH).
- b. Pursuant to P.L. 2008, c. 46 section 8 (C. 52:27D-329.2) and the Statewide Non-Residential Development Fee Act (C. 40:55D-8.1 through 8.7), COAH is authorized to adopt and promulgate regulations necessary for the establishment, implementation, review, monitoring and enforcement of municipal affordable housing trust funds and corresponding spending plans. Municipalities that are under the jurisdiction of the Council or court of competent jurisdiction and have an approved spending plan may retain fees collected from nonresidential development.
- c. This section establishes standards for the collection, maintenance, and expenditure of development fees pursuant to COAH's regulations and in accordance with P.L. 2008, c. 46, Sections 8 and 32-38. Fees collected pursuant to this section shall be used for the sole purpose of providing low- and moderate-income housing. This section shall be interpreted within the framework of COAH's rules on development fees, codified at N.J.A.C. 5:97-8.
 (Ord. No. 419-08 § 1)

28-2.2 Basic Requirements.

- a. The Borough of West Cape May shall not impose development fees on any applicant pursuant to this section until COAH or a Court has approved the Development Fee Ordinance pursuant to N.J.A.C. 5:96-5.1, except that residential fees may be collected pursuant to the previously approved fee ordinance until such time as this section takes effect, and non-residential fees shall be collected in accordance with the Statewide Non-Residential Development Fee Act, N.J.S.A. 40:55D-8.1 et seq.
- b. The Borough of West Cape May shall not spend development fees until COAH or a Court has approved a plan for spending such fees in conformance with N.J.A.C. 5:97-8.10 and N.J.A.C. 5:96-5.3. (Ord. No. 419-08 § 2)

28-2.3 Definitions.

a. The following terms, as used in this section, shall have the following meanings:

Affordable housing development shall mean a development included in the Housing Element and Fair Share Plan, and includes, but is not limited to, an inclusionary development, a municipal construction project, or a one hundred (100%) percent affordable development.

COAH or the *Council* shall mean the New Jersey Council on Affordable Housing established under the Act which has primary jurisdiction for the administration of housing obligations in accordance with sound regional planning considerations in the State.

Development fee shall mean money paid by a developer for the improvement of property as permitted under N.J.A.C. 5:97-8.3.

Developer shall mean the legal or beneficial owner or owners of a lot or of any land proposed to be included in a proposed development, including the holder of an option or contract to purchase, or other person having an enforceable proprietary interest in such land.

Equalized assessed value shall mean the assessed value of a property divided by the current average ratio of assessed to true value for the municipality in which the property is situated, as determined in accordance with sections 1, 5, and 6 of P.L. 1973, c.123 (C. 54:1-35a through C. 54:1-35c).

Green building strategies shall mean those strategies that minimize the impact of development on the environment, and enhance health, safety and well-being of residents by producing durable, low-maintenance, resource-efficient housing while

making optimum use of existing infrastructure and community services. (Ord. No. 419-08 \S 3)

28-2.4 Residential Development Fees.

- a. Imposed Fees.
 - 1. Within all zoning districts in the Borough of West Cape May, residential developers, except for developers of the types of development specifically exempted below, shall pay a fee of one and one-half (1.5%) percent of the equalized assessed value for residential development, provided no increased density is permitted.
 - 2. When an increase in residential density pursuant to N.J.S.A. 40:55D-70d(5) (known as a "d" variance) has been permitted, developers shall be required to pay a development fee of six (6%) percent of the equalized assessed value (EAV) for each additional unit above that permitted by right which may be realized. However, if the zoning on a site has changed during the two-year period preceding the filing of such a variance application, the base density for the purposes of calculating the bonus development fee shall be the highest density permitted by right during the two-year period preceding the filing of the variance application.

Example: If an approval allows four (4) units to be constructed on a site that was zoned for two (2) units, the fees could equal one and one-half (1.5%) percent of the equalized assessed value on the first two (2) units; and the specified higher percentage up to six (6%) percent of the equalized assessed value for the two (2) additional units, provided zoning on the site has not changed during the two-year period preceding the filing of such a variance application.

- b. Eligible exactions, Ineligible Exactions and Exemptions for Residential Development.
 - 1. Affordable housing developments and developments where the developer has made a payment in lieu of on-site construction of affordable units shall be exempt from development fees.
 - 2. Developments that have received preliminary or final site plan approval prior to the adoption of a municipal development fee ordinance shall be exempt from development fees, unless the developer seeks a substantial change in the approval. Where a site plan approval does not apply, a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for this purpose. The fee percentage shall be vested on the date that the building permit is issued.
 - 3. Development fees shall be imposed and collected when an existing structure undergoes a change to a more intense use, is demolished and replaced, or is expanded, if the expansion is not otherwise exempt from the development fee requirement. The development fee shall be calculated on the increase in the equalized assessed value of the improved structure.
 - 4. Nonprofit organizations which have received tax exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code, providing current evidence of that status is submitted to the Municipal Clerk, together with a certification that services of the organization are provided at reduced rates to those who establish an inability to pay existing charges, shall be exempted from paying a development fee.
 - 5. Federal, State, County and local governments shall be exempted from paying a development fee.
 - 6. The owner of a residential unit who rebuilds when the owner's existing dwelling unit was destroyed due to fire, flood or other natural disaster shall be exempt from paying a development fee. (Ord. No. 419-08 § 4)

28-2.5 Nonresidential Development Fees.

- a. Imposed Fees.
 - 1. Within all zoning districts, nonresidential developers, except for developers of the types of development specifically exempted, shall pay a fee equal to two and one-half (2.5%) percent of the equalized assessed value of the land and improvements, for all new nonresidential construction on an unimproved lot or lots.
 - 2. Nonresidential developers, except for developers of the types of development specifically exempted, shall also pay a fee equal to two and one-half (2.5%) percent of the increase in equalized assessed value resulting from any additions to existing structures to be used for nonresidential purposes.
 - 3. Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of two and one-half (2.5%) percent shall be calculated on the difference between the equalized assessed value of the pre-existing land and improvement and the equalized assessed value of the newly-improved structure, i.e. land and improvement, at the time final certificate of occupancy is issued. If the calculation required under this section results in a negative number, the nonresidential development fee shall be zero.
- b. Eligible Exactions, Ineligible Exactions and Exemptions for Nonresidential Development.

- 1. The nonresidential portion of a mixed-use inclusionary or market rate development shall be subject to the two and one-half (2.5%) percent development fee, unless otherwise exempted below.
- 2. The two and one-half (2.5%) percent fee shall not apply to an increase in equalized assessed value resulting from alterations, change in use within existing footprint, reconstruction, renovations and repairs.
- 3. Nonresidential developments shall be exempt from payment of nonresidential development fees in accordance with the exemptions required pursuant to P.L. 2008, c.46, as specified in the Form N-RDF "State of New Jersey Non-Residential Development Certification/ Exemption" Form. Any exemption claimed by a developer shall be substantiated by that developer.
- 4. A developer of a nonresidential development exempted from the nonresidential development fee pursuant to P.L. 2008, c.46 shall be subject to it at such time the basis for the exemption no longer applies, and shall make the payment of the non-residential development fee, in that event, within three (3) years after that event or after the issuance of the final certificate of occupancy of the non-residential development, whichever is later.
- 5. If a property which was exempted from the collection of a nonresidential development fee thereafter ceases to be exempt from property taxation, the owner of the property shall remit the fees required pursuant to this section within forty-five (45) days of the termination of the property tax exemption. Unpaid nonresidential development fees under these circumstances may be enforceable by the Borough of West Cape May as a lien against the real property of the owner. (Ord. No. 419-08 § 5)

28-2.6 Collection Procedure.

- a. Upon the granting of a preliminary, final or other applicable approval, for a development, the applicable approving authority shall direct its staff to notify the Borough's Construction Official responsible for the issuance of a building permit.
- b. For nonresidential developments only, the developer shall also be provided with a copy of Form N-RDF "State of New Jersey Non-Residential Development Certification/Exemption" to be completed as per the instructions provided. The developer of a nonresidential development shall complete Form N-RDF as per the instructions provided. The Construction Official shall verify the information submitted by the nonresidential developer as per the instructions provided in the Form N-RDF. The Tax Assessor shall verify exemptions and prepare estimated and final assessments as per the instructions provided in Form N-RDF.
- c. The Construction Official responsible for the issuance of a building permit shall notify the local Tax Assessor of the issuance of the first building permit for a development which is subject to a development fee.
- d. Within ninety (90) days of receipt of that notice, the Municipal Tax Assessor, based on the plans filed, shall provide an estimate of the equalized assessed value of the development.
- e. The Construction Official responsible for the issuance of a final certificate of occupancy shall notify the local Assessor of any and all requests for the scheduling of a final inspection on property which is subject to a development fee.
- f. Within ten (10) business days of a request for the scheduling of a final inspection, the Municipal Assessor shall confirm or modify the previously estimated equalized assessed value of the improvements of the development; calculate the development fee, and thereafter notify the developer of the amount of the fee.
- g. Should the Borough of West Cape May fail to determine or notify the developer of the amount of the development fee within ten (10) business days of the request for final inspection, the developer may estimate the amount due and pay that estimated amount consistent with the dispute process set forth in subsection b. of section 37 of P.L.2008, c.46 (C.40:55D-8.6).
- h. Fifty (50%) percent of the development fee shall be collected at the time of issuance of the building permit. The remaining portion shall be collected at the issuance of the certificate of occupancy. The developer shall be responsible for paying the difference between the fee calculated at building permit and that determined at issuance of certificate of occupancy.
- i. Appeal of Development Fees.
 - 1. A developer may challenge residential development fees imposed by filing a challenge with the County Board of Taxation. Pending a review and determination by the Board, collected fees shall be placed in an interest bearing escrow account by the Borough of West Cape May. Appeals from a determination of the Board may be made to the Tax Court in accordance with the provisions of the State Tax Uniform Procedure Law, R.S.54:48-1 et seq., within ninety (90) days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.
 - 2. A developer may challenge nonresidential development fees imposed by filing a challenge with the Director of the Division of Taxation. Pending a review and determination by the Director, which shall be made within forty-five (45) days of receipt of the challenge, collected fees shall be placed in an interest bearing escrow account by the Borough of West Cape May. Appeals from a determination of the Director may be made to the Tax Court in accordance with the provisions of the State Tax Uniform Procedure Law, R.S.54:48-1 et seq., within ninety (90) days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

28-2.7 Affordable Housing Trust Fund.

(Ord. No. 419-08 § 6)

- a. There is hereby created a separate, interest-bearing housing trust fund to be maintained by the Borough's Chief Financial Officer for the purpose of depositing development fees collected from residential and non-residential developers and proceeds from the sale of units with extinguished controls.
- b. The following additional funds shall be deposited in the Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:
 - 1. Payments in lieu of on-site construction of affordable units;
 - 2. Developer-contributed funds to make ten (10%) percent of the affordable entrances in a townhouse or other multistory attached development accessible;
 - 3. Rental income from municipally-operated units;
 - 4. Repayments from affordable housing program loans;
 - 5. Recapture funds;
 - 6. Proceeds from the sale of affordable units; and
 - 7. Any other funds collected in connection with the Borough of West Cape May's affordable housing program.
- c. The Borough of West Cape May shall provide COAH with written authorization, in the form of a three-party escrow agreement between the municipality, the Borough's banking institution, and COAH to permit COAH to direct the disbursement of the funds as provided for in N.J.A.C. 5:97-8.13(b).
- d. All interest accrued in the housing trust fund shall only be used on eligible affordable housing activities approved by COAH or the Court.
 (Ord. No. 419-08 § 7)

28-2.8 Use of Funds.

- a. The expenditure of all funds shall conform to a spending plan approved by COAH or the Court. Funds deposited in the housing trust fund may be used for any activity approved by COAH or the Court to address the Borough of West Cape May's fair share obligation and may be set up as a grant or revolving loan program. Such activities include, but are not limited to: preservation or purchase of housing for the purpose of maintaining or implementing affordability controls, rehabilitation, new construction of affordable housing units and related costs, accessory apartment, market to affordable, or regional housing partnership programs, conversion of existing nonresidential buildings to create new affordable units, green building strategies designed to be cost saving and in accordance with accepted national or State standards, purchase of land for affordable housing, improvement of land to be used for affordable housing, extensions or improvements of roads and infrastructure to affordable housing sites, financial assistance designed to increase affordability, administration necessary for implementation of the Housing Element and Fair Share Plan, or any other activity as permitted pursuant to N.J.A.C. 5:97-8.7 through 8.9 and specified in the approved spending plan.
- b. Funds shall not be expended to reimburse the Borough of West Cape May for past housing activities.
- c. At least thirty (30%) percent of all development fees collected and interest earned shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the municipal Fair Share Plan. One-third (1/3) of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning thirty (30%) percent or less of median income by region.
 - 1. Affordability assistance programs may include down payment assistance, security deposit assistance, low interest loans, rental assistance, assistance with homeowners association or condominium fees and special assessments, and assistance with emergency repairs.
 - 2. Affordability assistance to households earning thirty (30%) percent or less of median income may include buying down the cost of low- or moderate-income units in the municipal Fair Share Plan to make them affordable to households earning thirty (30%) percent or less of median income.
 - 3. Payments in lieu of constructing affordable units on site and funds from the sale of units with extinguished controls shall be exempt from the affordability assistance requirement.
- d. The Borough of West Cape May may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan, including the requirement for affordability assistance, in accordance with N.J.A.C. 5:96-18.

e. No more than twenty (20%) percent of all revenues collected from development fees may be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a new construction program, a Housing Element and Fair Share Plan, and/or an affirmative marketing program. In the case of a rehabilitation program, no more than twenty (20%) percent of the revenues collected from development fees shall be expended for such administrative expenses. Administrative funds may be used for income qualification of households, monitoring the turnover of sale and rental units, and compliance with COAH's monitoring requirements. Legal or other fees related to litigation opposing affordable housing sites or objecting to the Council's regulations and/or action are not eligible uses of the Affordable Housing Trust Fund. (Ord. No. 419-08 § 8)

28-2.9 Monitoring.

a. The Borough of West Cape May shall complete and return to COAH all monitoring forms included in the annual monitoring report related to the collection of development fees from residential and nonresidential developers, payments in lieu of constructing affordable units on site, and funds from the sale of units with extinguished controls barrier free escrow funds, rental income, repayments from affordable housing program loans, and any other funds collected in connection with the Borough of West Cape May's housing program, as well as to the expenditure of revenues and implementation of the plan approved by the court. All monitoring reports shall be completed on forms designed by COAH.

(Ord. No. 419-08 § 9)

28-2.10 Ongoing Collection of Fees.

a. The ability of the Borough of West Cape May to impose, collect and expend development fees shall expire with its substantive certification or judgment of compliance unless the Borough of West Cape May has filed an adopted Housing Element and Fair Share Plan with COAH, has petitioned COAH for substantive certification, or brought a declaratory relief action in Court pursuant to N.J.S.A. 52:27D-313 and has received approval of its development fee ordinance by COAH or a court. If the Borough of West Cape May fails to renew its ability to impose and collect development fees prior to the expiration of its substantive certification or judgment of compliance, it may be subject to forfeiture of any or all funds remaining within its municipal trust fund. Any funds so forfeited shall be deposited into the "New Jersey Affordable Housing Trust Fund" established pursuant to section 20 of P.L. 1985, c.222 (C.52:27D-320). The Borough of West Cape May shall not impose a residential development fee on a development that receives preliminary or final site plan approval after the expiration of its substantive certification or its judgment of compliance, nor shall the Borough of West Cape May retroactively impose a development fee on such a development. The Borough of West Cape May shall not expend development fees after the expiration of its substantive certification or its judgment of compliance. (Ord. No. 419-08 § 10)

28-2.11 Resolution of Conflicting Provisions.

Notwithstanding the provisions of any other ordinance to the contrary, the provision of this section shall not apply to the development within the Mount Laurel zoning districts containing inclusionary affordable housing units. (Ord. No. 419-08 § 11; Ord. No. 433-09 § 2)

CHAPTER XXVIII AFFORDABLE HOUSING

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Appendix B West Cape May Borough

Accessory Apartment Ordinance (Ordinance 550-18)

BOROUGH OF WEST CAPE MAY COUNTY OF CAPE MAY STATE OF NEW JERSEY

ORDINANCE NO. 550-18

AN ORDINANCE UPDATING CHAPTER XXVII, SECTION 37.1 OF THE BOROUGH'S CODE TO UPDATE THE BOROUGH'S ACCESSORY APARTMENT PROGRAM

WHEREAS, pursuant to In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1 (2015)(Mount Laurel IV), the Borough of West Cape May (hereinafter "West Cape May" or the "Borough") filed a Declaratory Judgment Complaint on July 2, 2015 in Superior Court, Law Division seeking, among other things, a judicial declaration that its Housing Element and Fair Share Plan, to be amended as necessary, satisfies its "fair share" of the regional need for low and moderate income housing pursuant to the "Mount Laurel doctrine" (hereinafter "DJ Action"); and

WHEREAS, the Borough and Fair Share Housing Center ("FSHC") entered into a Settlement Agreement on March 28, 2018 to globally settle the Borough's DJ Action (hereinafter "FSHC Settlement Agreement"), which was approved by the via an Order entered by the Court on June 15, 2018 after a properly noticed Fairness Hearing was held; and

WHEREAS, the Borough Planning Board adopted a Housing Element and Fair Share Plan on July 10, 2018 (hereinafter "Affordable Housing Plan"), which was endorsed by the Borough Board of Commissioners on July 25, 2018, to implement the FSHC Settlement Agreement; and

WHEREAS, one of the terms of the FSHC Settlement Agreement, as described in the Borough's Affordable Housing Plan, is for the Borough to update the requirements of its Accessory Apartment program, in order to address the Borough's Third Round (1999-2025) Realistic Development Potential ("RDP") and its remaining Third Round (1999-2025) "unmet need"; and

WHEREAS, the Borough has determined that the Accessory Apartment requirements in Chapter 27 of the Borough's Revised General Ordinances need to be updated to implement the FSHC Settlement Agreement and the Borough's Affordable Housing Plan.

NOW, THEREFORE, BE IT ORDAINED by the Borough Commission of the Borough of West Cape May as follows:

Section 1. Chapter XXVII, Section 37.1 entitled "Accessory Apartments as Affordable Housing Units" be amended and replaced, in its entirety, to read as follows:

27-37.1 Accessory Apartments as Affordable Housing Units.

a. It is the specific purpose and intent of this section to allow accessory apartments on parcels of minimum size in conformance with the specific zoning district minimum lot size requirement to provide the opportunity for the development of affordable housing units to meet the needs of very low, low and moderate income residents. It is also the purpose of this limited, special-use provision to allow more efficient use of the Borough's existing stock of dwellings and the Borough's existing stock of accessory buildings, to allow existing residents the opportunity to remain in large, underutilized houses by virtue of the added income for them from an accessory apartment, to allow accessory apartments in new attached and/or detached structures and to protect and preserve property values in the Borough of West Cape May. To help achieve these goals to promote the other objectives of this chapter and of the Master Plan, and to implement the Borough's 2018 Housing Element and Fair Share Plan, the following specific standards and limitations are set forth for such accessory apartment use. The requirements of this section do not apply to accessory apartment units created prior to the adoption of the Ordinance creating this section.

- b. Location and Number of Units.
 - 1. An accessory apartment may be located in the principal building or in an existing permitted accessory building, such as a barn or garage, and may include existing and/or expanded structure construction.
- c. Other Requirements.
 - 1. An accessory apartment unit will comply with the requirements of the Borough's Affordable Housing Ordinance.
 - 2. All standards and requirements of the zone district, except as modified by this section, shall apply.
 - 3. An accessory apartment unit shall comply with all applicable statutes and regulations of the State of New Jersey in addition to all local building codes.
 - 4. Exterior Appearance. Principal buildings containing an accessory apartment shall have only one (1) front or principal entry to the building, and the accessory apartment shall be located, designed, constructed, and landscaped so as to preserve the appearance of the principal building to the maximum extent feasible and further to enhance and not detract from the character of the principal building and the surrounding neighborhood. An accessory apartment shall have a separate, distinct entry which does not detract from the character of the principal building.
 - 5. Off-Street Parking. Off-street parking requirements shall be that two (2) off-street parking spaces must be provided for each dwelling unit on the property of the applicant. Additional parking areas shall be paved only when proven necessary and shall be screened and buffered from adjacent properties to the extent possible.
 - 6. The appropriate utility authority must certify that there is water and sewer infrastructure with sufficient capacity to serve the proposed accessory apartment.
 - 7. An accessory apartment unit shall, for a period of at least 10 years from the date of the issuance of a certificate of occupancy, be rented only to a very low, low or moderate income qualified household as is defined by applicable Council on Affordable Housing ("COAH") and Uniform Housing Affordability Controls ("UHAC") regulations at the time of initial occupancy of the unit.

- 8. The occupant must meet the established income limitations for very low, low, and moderate income households as specified by the rules and regulations of the Council on Affordable Housing (COAH) (N.J.A.C. 5:93 et seq.).
- 9. The accessory apartment must meet the adaptability law at P.L. 2005, c.350, if applicable.
- 10. Rents of accessory apartments shall be affordable to very low, low, and moderate income households as per COAH and UHAC regulations.
- 11. There shall be a recorded deed or declaration of covenants and restrictions applied to the property upon which the accessory apartment is located running with the land and limiting its subsequent rental or sale within the affordable housing requirements stated herein.
- 12. Each accessory apartment shall have living/sleeping space, cooking facilities, a kitchen sink and complete sanitary facilities for the exclusive use of its occupants.
- 13. The accessory apartment shall have a separate door with direct access to the outdoors.
- 14. The accessory apartment shall be affirmatively marketed to the housing region in accordance with COAH regulations and the Uniform Housing Affordability Controls at N.J.A.C. 5:80-26.1 et seq.
- 15. Accessory Apartment units are exempt from bedroom mix requirements in N.J.A.C. 5:93-7.3.
- 16. New freestanding accessory buildings containing accessory apartment units shall conform to the setback requirements for principal buildings in the district.

d. Administration.

- West Cape May Borough shall designate an Administrative Agent to administer the accessory apartment program.
- 2. The Administrative Agent shall administer the accessory apartment program in accordance with the Borough's Affordable Housing Ordinance, which includes, but is not limited to, advertising, income qualifying prospective renters, setting rents and annual rental increases, maintaining a waiting list, distributing the subsidy, overseeing the securing of certificates of occupancy, qualifying properties, handling application forms, overseeing the filing deed restrictions, filing monitoring reports and affirmatively marketing the accessory apartment program.
- 3. The Borough shall provide fixed subsidies per accessory apartment unit as follows to subsidize the creation of each accessory apartment: For very-low income units a \$70,000 fixed subsidy will be available. For low income units a \$40,000 fixed subsidy will be available. For moderate income units a \$25,000 fixed subsidy will be available. Prior to the grant of such subsidy, the property

owner shall enter into a written agreement with the Borough insuring that the subsidy shall be used to create the accessory apartment and the apartment shall meet the requirements of this subsection.

- 4. Applicants for the creation of an accessory apartment shall submit to the administrative agent:
 - (a) A sketch of floor plans showing the location, size and relationship of both the accessory apartment and the primary dwelling within the building or in another structure;
 - (b) Rough elevations showing the modification of any exterior building façade to which changes are proposed; and
 - (c) A site development sketch showing the location of the existing dwelling and other existing buildings; all property lines; proposed addition, if any, along with the minimum building setback lines; the required parking spaces for both dwelling units and any manmade conditions which might affect construction.
- 5. In accordance with the recommendations of the Court and the Court-appointed Master, the Borough reserves the right to revisit this subsection from time to time, and to make appropriate adjustments to enhance the effectiveness of the Borough's Accessory Apartment Program.
- **Section 2.** If any article, section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such decision shall not affect the remaining portions of this Ordinance and they shall remain in full force and effect.
- **Section 3.** In the event of any inconsistencies between the provisions of this Ordinance and any prior ordinance of the Borough of West Cape May, the provisions hereof shall be determined to govern. All other parts, portions and provisions of the Revised General Ordinances of the Borough of West Cape May are hereby ratified and confirmed, except where inconsistent with the terms hereof.
- **Section 4.** The Borough Clerk is directed to give notice at least ten (10) days prior to a hearing on the adoption of this ordinance to the Cape May County Planning Board and to all other persons entitled thereto pursuant to <u>N.J.S.A.</u> 40:55D-15, and <u>N.J.S.A.</u> 40:55D-63 (if required).
- **Section 5.** After introduction, the Borough Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Borough of West Cape May for its review in accordance with N.J.S.A. 40:55D-26 and N.J.S.A. 40:55D-64. The Planning Board is directed to make and transmit to the Borough Council, within 35 days after referral, a report including identification of any provisions in the proposed ordinance which are inconsistent with the master plan and recommendations concerning any inconsistencies and any other matter as the Board deems appropriate.
- **Section 6.** This Ordinance shall be presented to the Mayor for her approval and signature, which approval shall be granted or denied within ten (10) days of receipt of same, pursuant to N.J.S.A. 40:69A-149.7. If the Mayor fails to return this Ordinance with either her approval or objection to same within ten (10) days after it has been presented to her, then this Ordinance shall be deemed approved.

the Mayor pure State of New the Cape May	suant to <u>N.J.S.A.</u> 40:69A-149.7; (3) p Jersey; and (4) filing of the final forr	mediately upon (1) adoption; (2) approval by publication in accordance with the laws of the n of adopted ordinance by the Clerk with (a) N.J.S.A. 40:55D-16, and (b) the Borough Tax Carol E. Sabo, Mayor Peter G. Burke, Deputy Mayor		
Suzanne M. So Municipal Clerk	humann, RMC	John H. Francis, III, Commissioner		
Introduced: Se Adopted: Octob	ptember 12, 2018 per 10, 2018			
I hereby certify that the foregoing is a true copy of an Ordinance duly passed and adopted by a majority of full membership of the Board of Commissioners of the Borough of West Cape May, County of Cape May, New Jersey, at a meeting held on October 10, 2018.				
		Municipal Clerk		

NOTICE OF PENDING ORDINANCE

The foregoing Ordinance was introduced at a Regular Meeting of the Board of Commissioners of the Borough of West Cape May held on September 12, 2018, when it was read for the first time and then ordered to be published according to law. This Ordinance will be further considered for final passage by the Board of Commissioners of the Borough of West Cape May at a meeting to be held at Borough Hall, 732 Broadway, West Cape May, New Jersey on October 10, 2018, at 7:00pm or as soon thereafter as possible, at which time and place, all persons interested will be given an opportunity to be heard concerning such ordinance.

Suzanne M. Schumann, RMC Municipal Clerk

NOTICE OF FINAL ADOPTION

The above captioned Ordinance was passed on Second Reading, Public Hearing and Final Adoption by the Board of Commissioners of the Borough of West Cape May, in the County of Cape May, State of New Jersey, at a Regular Meeting of the Board of Commissioners held on October 10, 2018.

Suzanne M. Schumann, RMC Municipal Clerk