
AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

TOWN OF KEARNY, HUDSON COUNTY, NEW JERSEY

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APPROVED BY THE MAYOR AND COUNCIL:

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Contents

Introduction 3

Affordable Housing Trust Fund Revenue and Balance 4

 Revenue Sources 4

 Development Fees (N.J.A.C. 5:99-3.1 – 5:99-3.3) 4

 Barrier Free Escrow (N.J.A.C. 5:99-2.6) 4

 Payments in Lieu of Constructing Affordable Units (N.J.A.C. 5:99-2.7) 4

 Other Funding Sources (N.J.A.C. 5:99-2.8) 4

 Projected Interest 5

 Projected Revenue 5

ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS 6

 Collection of Development Fee Revenues: 6

 Distribution of Affordable Housing Trust Funds: 6

 Collection and Distribution of Barrier-Free Funds: 6

DESCRIPTION OF THE ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS 7

 Rehabilitation Program (N.J.A.C. 5:99-2.3(a)1) 7

 New Construction of Affordable Units and Related Development Costs (N.J.A.C. 5:99-2.3(a)2) 7

 Affordability Assistance (N.J.A.C. 5:99-2.5) 7

 Administrative Expenses (5:99-2.4) 8

 Expenditure Schedule 10

EXCESS OR SHORTFALL OF FUNDS 10

SUMMARY 11



INTRODUCTION

The Town of Kearny in Hudson County (the “Town” or “Kearny”) adopted a Fourth Round Housing Element and Fair Share Plan (“HEFSP”) on June 4, 2025 and subsequently filed it with the Affordable Housing Dispute Resolution Program (the “Program”) pursuant to the provisions of the amended Fair Housing Act (“FHA”) (N.J.S.A. 52:27D-301 et seq.). The HEFSP was prepared in accordance with the Municipal Land Use Law (“MLUL”) (N.J.S.A. 40:55D-1 et seq.) and the FHA to address the Town’s constitutional obligation to provide its fair share of the region’s affordable housing needs.

Kearny has consistently adopted development fee ordinances in accordance with current standards. Third Round development fee ordinances (“DFO”) were adopted in 2008 (via Resolution 2008-734) and 2020 (via ordinance 2020-36) in accordance with applicable Third Round regulations. New rules regulating Spending Plans and municipal DFOs were enacted by the DCA on December 15, 2025. An amendment to the Town’s DFO that will bring it into consistency with the new rules (N.J.A.C. 5:99-1 et seq.) will be adopted by the statutory deadline of March 15, 2026.

Similarly, Kearny has adopted previous Spending Plans as part of their Third Round affordable housing compliance process in 2008 and on November 10, 2020 (via Resolution 2020-531). The following Fourth Round Spending Plan has been prepared in accordance with current standards and supersedes all previous Spending Plans. This Spending Plan provides an outline for the use of the Town’s Affordable Housing Trust Fund (“AHTF” or “Trust Fund”) for the Fourth Round (2025-2035) in a manner consistent with the FHA and amended rules at N.J.A.C. 5:99-1 et seq.



AFFORDABLE HOUSING TRUST FUND REVENUE AND BALANCE

The Town's AHTF is an interest-bearing account into which funds from several potential revenue sources are deposited and kept. The Trust Fund has a balance that accrues interest and has consistently been used for permitted affordable housing purposes.

Revenue Sources

Development Fees (N.J.A.C. 5:99-3.1 – 5:99-3.3)

The Town has been collecting non-residential development fees since it was authorized to do so by COAH. The current balance in the fund comprises development fees collected from non-residential projects pursuant to the Statewide Non-Residential Development Fee Act (N.J.S.A. 40:55D-8.1 through 40:55D-8.7) and in accordance with the Town's DFO. The current balance also represents fees that have historically been collected from developers under the long-term tax exemption law, pursuant to N.J.S.A. 40:20-1 et seq. Anticipated development fees for the Fourth Round are estimated based on:

- Anticipated non-residential development projects, which have development fees imposed upon them at the time of preliminary or final development approvals.
- Fees from all development projects that are currently before the Town's Planning Board and Zoning Board of Adjustment seeking approvals that may apply for building permits and certificates of occupancy.
- An estimate of future development that is likely to occur based on historic trends within the Town.

The projected collection of development fees accounts for most of the anticipated revenue for the Trust Fund during the Fourth Round.

Barrier Free Escrow (N.J.A.C. 5:99-2.6)

The Town may collect fees to adapt affordable unit entrances to be accessible in accordance with the FHA and the Barrier Free Subcode (N.J.A.C. 5:23-7.) Funds collected for barrier-free escrow shall be identifiable from other funds.

Payments in Lieu of Constructing Affordable Units (N.J.A.C. 5:99-2.7)

Any and all committed payments in lieu of constructing units from developers shall be deposited in the Trust Fund and shall be accounted for separately from any other fees collected by the Town. Any such funds collected shall be identified in the Town's monitoring report and a plan for the use of the funds shall be included in an updated Spending Plan.

Kearny has not made a practice of collecting payments in lieu of constructing units. Therefore, there is no anticipated revenue from this founding source for the Fourth Round.

Other Funding Sources (N.J.A.C. 5:99-2.8)

Other potential funding sources include: recaptured funds, proceeds from the sale of affordable units, rental income, repayments from affordable housing program loans, enforcement fines and application fees, and any other funds collected by the Town in connection with its affordable housing programs.



There is no anticipated revenue from these funding sources for the Fourth Round. However, if any funds from sources outlined above are collected during the Fourth Round, they shall be identified on the Town’s monitoring report and used for affordable housing activities identified in the Spending Plan or in an updated Spending Plan.

Projected Interest

The Town’s AHTF is an interest-bearing account. All interest that accrues that will be kept in the account and used for affordable housing activities as outlined in the Spending Plan.

Projected Revenue

Table 1 identifies the projected revenue for Kearny for the Fourth Round.

Table 1 – Projected Fourth Round AHTF Revenues				
	Current Balance	Projected Development Fees	Projected Interest	TOTAL
Trust Fund Balance as of 12/31/25	\$6,355,821	-	-	\$6,355,821
2026	-	\$250,000	\$15,998	\$265,998
2027	-	\$250,000	\$9,479	\$259,479
2028	-	\$250,000	\$8,342	\$258,342
2029	-	\$250,000	\$7,202	\$257,202
2030	-	\$250,000	\$6,059	\$256,059
2031	-	\$250,000	\$4,913	\$254,913
2032	-	\$250,000	\$3,764	\$253,764
2033	-	\$250,000	\$2,611	\$252,611
2034	-	\$250,000	\$1,456	\$251,456
2035 (through June 30 th)	-	\$125,000	\$804	\$125,804
TOTAL		\$2,375,000	\$60,629	\$8,791,449

To estimate the overall potential revenue in the Fourth Round, the collection of fees by the Town since the AHTF’s inception (2001-2025) was reviewed to determine the mean annual collection fee. The Town has seen various levels of non-residential development over the AHTF’s lifespan. Recent years have seen fluctuations depending on the level of activity. Based on past performance, development fees of approximately \$250,000 per year are a reasonable projection for revenues.

Based on the projections, the Town estimates that approximately \$2,375,000 will be collected during the remainder of the Fourth Round with an additional \$60,629 in interest earned on the account. Current interest rates on the Town’s account are minimal at less than one percent. It is assumed that because the account generates limited interest, there will not be significant fluctuations in the rate. All interest earned shall be only for the purposes of affordable housing. Including the existing trust fund balance, the Town projects a total of \$8,791,449 through June 30, 2035.



ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

Collection of Development Fee Revenues:

The process by which development fees are collected is outlined in the Town's Affordable Housing Ordinance in the Development Fee section, which is consistent with the rules at 5:99-1 et seq. as amended.

Distribution of Affordable Housing Trust Funds:

Affordable housing funds will be utilized for approved housing purposes and administrative expenses as outlined in the Spending Plan. Funds for infrastructure and construction purposes will be distributed when needed for the projects identified in the HEFSP and in the Spending Plan. The Administrative Agent and the Municipal Housing Liaison will manage the projects and inform the Mayor and Council when funds are needed.

Upon adoption of a resolution by the Mayor and Council, the Town's Chief Financial Officer is authorized to release the funds for the project specified in the resolution.

Collection and Distribution of Barrier-Free Funds:

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



DESCRIPTION OF THE ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

Municipal affordable housing trust funds may be used for a variety of purposes as outlined in N.J.A.C. 5:99-2.3. The Town anticipates allocating funds for the following affordable housing purposes during the Fourth Round, consistent with the Act, rules, and adopted HEFSP.

Rehabilitation Program (N.J.A.C. 5:99-2.3(a)1)

The Town has contracted Community Grants Planning & Housing (CGP&H) as their Administrative Agent. Through that contract, CGP&H will manage a Town-wide rehabilitation program to renovate deficient housing units that are occupied by low- and moderate-income households. On January 21, 2025 the Town adopted a binding resolution accepting its Present Need Obligation as calculated by the DCA of 630 units. CGP&H has run a successful rehabilitation program in Kearny in the past; however, the Town has decided to increase amount available per unit to entice more applicants to the program. Kearny intends to provide up to \$50,000 per qualified unit for rehabilitation purposes.

The Town and CGP&H will continue to actively market the rehabilitation program through notice in tax bills which includes the Letter from the Mayor (provided in both English and Spanish). Flyers will be posted in municipal and community buildings, including Town Hall, the Board of Health, the Public Library, the Senior Center, and Social Services. The Town will additionally advertise the program in The Observer, a local Hudson County newspaper.

The Town has been implementing its rehabilitation program manual prepared by CGP&H for many years. CGP&H is updating this manual in accordance with current applicable standards and the Town's revised budget per unit. This updated manual will be adopted by the Mayor and Council prior to the March 15, 2026 deadline.

New Construction of Affordable Units and Related Development Costs (N.J.A.C. 5:99-2.3(a)2)

Additional information on each of the programs and projects below can be found in the Housing Element and Fair Share Plan. The Town anticipates dedicating \$2,000,000 to the new construction project at Block 169 Lots 3, 4, 5, and 7 (586-594 and 600 Elm Street). The Town is in the process of preparing an "area in need of rehabilitation" study pursuant to the statutory criteria of the Local Redevelopment and Housing Law. In 2024, the Town issued an RFP for a qualified 100% affordable developer for the site, and chose the development group known as TTA Empire, Inc. ("TTA"), who have been conditionally designated as the redeveloper of the site. It is anticipated that TTA will develop 15 affordable units across the four lots available to veterans.

While the TTA team has funding commitments from various sources, the Town's \$2,000,000 allocation will assist in filling any gaps in funding. Should additional funds be required by the TTA team, the Town will make these funds available to ensure the project is realized.

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

The Town will allocate a portion of its Trust Fund for the purpose of providing affordability assistance to very low-, low-, and moderate-income households in affordable units included in the municipality's HEFSP. The Town has an affordability assistance program manual that CGP&H prepare and has been implementing for many years. CGP&H will update this manual in accordance with current applicable standards. This updated manual will be adopted by the Mayor and Council prior to the March 15, 2026 deadline.

As defined in N.J.A.C. 5:99-1.2, "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.”

Affordability assistance for very low-income households may also include offering a subsidy to developers of inclusionary or 100 percent affordable housing developments or buying down the cost of low- or moderate-income units in the Town’s HEFSP to make them affordable to very low-income households, including special needs and supportive housing opportunities.

Administrative Expenses (5:99-2.4)

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.

Eligible administrative expenses include costs related to the determination of a fair share obligation and development of a housing element and fair share plan, development of affordable housing programs, affirmative marking programs, expenses related to compliance with the processes of the Program, and costs associated with the functions carried out in compliance with UHAC. UHAC compliance functions include marketing and waitlist management, administering the placement of households in units, income qualification, monitoring the sale and rental of units, preserving existing affordable housing, and complying with administrative requirements. Administrative expenses may also include the proportion of a municipal employee’s salary related to the municipal housing liaison functions and fees for required educational programs.

The calculation of permissible administrative expenses is based on the lifetime of the Town’s Trust Fund. The total allowable administrative expenditure is 20 percent of the sum of collected development fees and interest earned, minus funds collected prior to July 17, 2008 to fund an RCA. The actual administrative expenditures are subtracted from the calculated figure to determine the amount of funding that may be used for administrative expenditures moving forward. In addition, up to 20 percent of the anticipated development fees and interest to be collected during the Fourth Round may be used for administrative purposes.



Administrative Expenses		
Actual development fees collected, and interest earned through 12/31/26		\$7,274,459
RCA expenditures	-	\$0.00
Total	=	\$7,274,459
20 percent maximum permitted on administrative expenses based on fund to-date	x 0.20 =	\$1,942,018
Less Administrative Expenditures through 12/31/26	-	\$293,214
Funds Available for Administrative Expenses based on status through 12/31/26		\$1,648,803
Projected Development Fees 2026-2035	+	\$2,375,000
Projected Interest through 6/30/2035	+	\$60,629
Allowable Admin. Expenditures based on Fourth Round Projections (20 percent)		\$487,125
Total Allowable Admin. Expenditures Anticipated through 6/30/2035		\$2,135,928
Budgeted Administrative Expenditures		\$1,000,000

After accounting for historic administrative expenditures, up to \$1,648,803 is permitted for new administrative expenditures based on the funds actually collected to date. An additional \$487,125 is projected to be permitted for administrative expenditures based on collected fees and interest between January 2026 and June 30, 2035, Kearny will budget \$1,000,000, or approximately \$105,000 per year for the remainder of the Fourth Round Administrative Expenses. The excess funds will be dedicated to the Town’s other affordable housing expenditures.

Because the actual administrative expense maximum is calculated on an ongoing basis based on actual revenues, the Town 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.

Legal or other fees related to litigation opposing affordable housing sites are not eligible uses of the affordable housing trust fund.



Expenditure Schedule

The following expenditure schedule spreads the budgeted amount for each eligible affordable housing activity across the ten-year period of the Fourth Round. For budgeting purposes, the expenses are split evenly between each year.

Projected Expenditure Schedule – Housing Trust Fund – February 2026 through June 2035					
	New Construction	Rehabilitation Program	Affordability Assistance	Administration	TOTAL
2026	-	\$459,185	\$150,441	\$105,263	\$714,889
2027	\$2,000,000	\$459,185	\$150,441	\$105,263	\$2,714,889
2028	-	\$459,185	\$150,441	\$105,263	\$714,889
2029	-	\$459,185	\$150,441	\$105,263	\$714,889
2030	-	\$459,185	\$150,441	\$105,263	\$714,889
2031	-	\$459,185	\$150,441	\$105,263	\$714,889
2032	-	\$459,185	\$150,441	\$105,263	\$714,889
2033	-	\$459,185	\$150,441	\$105,263	\$714,889
2034	-	\$459,185	\$150,441	\$105,263	\$714,889
2035	-	\$229,592	\$75,221	\$52,632	\$357,445
TOTAL	\$2,000,000	\$4,362,255	\$1,429,194	\$1,000,000	\$8,791,449

EXCESS OR SHORTFALL OF FUNDS

If the funding sources identified in this Spending Plan for the projects detailed in the Housing Element and Fair Share Plan prove inadequate to complete the affordable housing programs, the Town shall provide sufficient funding to address any shortfalls through bonding.

If more funds than anticipated are collected or projected funds exceed the amount necessary to implement the Town’s affordable housing projects, these excess funds will be used to fund eligible affordable housing activity pursuant to applicable rules and regulations.



SUMMARY

Kearny intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:99 and consistent with the housing programs outlined in its adopted Housing Element and Fair Share Plan.

The Town’s trust fund has a balance of \$6,355,821 as of December 31, 2026. Kearny anticipates an additional \$2,435,629 in revenues and interest by June 30, 2035. The Town will expend:

- New construction (Veteran’s Housing): \$2,000,000
- Rehabilitation program: \$4,362,255
- Affordability Assistance: \$1,429,194, of which a substantial amount (\$476,398), will be allocated to assist very low-income households
- Administration: \$1,000,000
- Excess Funds for Housing Activity: The spending plan anticipates allocating all funds to one of the above categories. However, if additional funds are collected above the projection or other emergent opportunities arise, the Spending Plan and/or HEFSP will be amended to pursue those opportunities as needed.

SPENDING PLAN SUMMARY	
Balance as of January 30, 2026	\$6,355,821
Projected REVENUE February 2026 to June 30, 2035	
Development fees	+ \$2,375,000
Payments in lieu of construction	+ 0
Other funds	+ 0
Interest	+ \$60,629
TOTAL REVENUE + CURRENT BALANCE	= \$8,791,449
EXPENDITURES	
New Construction	- \$2,000,000
Rehabilitation Program	- \$4,362,255
Affordability Assistance	- \$1,429,194
Administration	- \$1,000,000
Excess Funds for Additional Housing Activity	= \$0
TOTAL PROJECTED EXPENDITURES	= \$8,791,449
REMAINING BALANCE	= \$0