

Resolution No. 134-2025 – Approving a Fourth Round Affordable Housing Trust Fund Spending Plan and Requesting Program and Court Approval of the Spending Plan

WHEREAS, the Borough of Avon-by-the-Sea (hereinafter “Borough” or “Avon-by-the-Sea”) has a Development Fee Ordinance, which established standards for the collection, maintenance, and expenditure of development fees, which it recently amended on March 24, 2025; 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

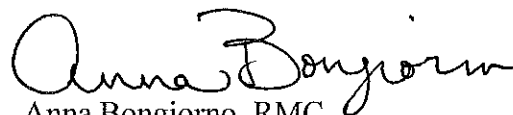
WHEREAS, the Borough has prepared a Fourth Round Spending Plan consistent with the Amended FHA and applicable regulations, which projects anticipated revenues to the Borough’s Affordable Housing Trust Fund and describes the anticipated expenditures of funds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Borough of Avon-by-the-Sea, County of Monmouth, State of New Jersey, as follows:

1. The Borough Board of Commissioners of the Borough of Avon-by-the-Sea 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.

CERTIFICATION

I hereby certify the above to be a true and correct copy of a Resolution adopted by the Board of Commissioners of the Borough of Avon-by-the-Sea at a meeting held on June 24, 2025.



Anna Bongiorno, RMC
Borough Clerk

AVON-BY-THE-SEA BOROUGH
AFFORDABLE HOUSING TRUST FUND SPENDING PLAN
June 2025

The Borough has prepared a Fourth Round Housing Element and Fair Share Plan that advances a comprehensive strategy for meeting its regional share of affordable housing need in accordance with the intent of the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301), and in accordance with the procedural and substantive requirements of N.J.A.C. 5:93-1 et seq. and N.J.A.C. 5:91-1 et seq. The Borough has actively participated in the Fourth Round compliance process.

The Borough has adopted a development fee ordinance, codified as part of the Borough's Revised General Ordinances, to require and regulate the collection of residential and non-residential development fees as revenue for the Borough's affordable housing trust fund at a percentage of 1.5% for residential development and 2.5% for non-residential development. The sections below outline the Borough's plan for the administration and use of collected development fee revenues as per the requirements of N.J.A.C. 5:93-5.1(c).

I. Projected Revenues 2025 through 2035

A projection of anticipated revenues to be collected during the tenure of the Fourth Round has been calculated based on historical annualized trends in average increase in value of structures after being knocked down and rebuilt in Avon-by-the-Sea. Avon-by-the-Sea is a fully developed community, in which all development occurs through the removal of a previously existing structure.

Multiplying the average development fee by the average number of rebuilds per year provides a reasonable estimate for the anticipated annual development fee revenues through 2035. We estimate that Avon-by-the-Sea should generate approximately \$87,237.75 in development fees each year.

The Borough has not collected any revenue in the form of payments in lieu of construction of affordable units.

II. Administrative Mechanisms for Collecting and Distributing Revenues

The Borough's Development Fee Ordinance will be recorded in Chapter 115 of Avon-by-the-Sea's General Ordinance. Procedures for collection, administration, and distribution of development fees as affordable housing trust fund revenues are fully established in this section. The Borough's ordinance complies with 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).

The Development Fee Ordinance covers the following general topics:

1. Determination of residential development fees;
2. Determination of non-residential development fees;
3. Fee collection procedures;
4. Operation of the affordable housing trust fund;
5. Permitted uses of funds;
6. Monitoring; and
7. Ongoing collection of fees as related to affordable housing compliance.

III. Anticipated Use of Development Fees

As per the Borough's ordinance, development fees shall be used for the sole purpose of providing low- and moderate-income housing. Funding mechanisms can be set up as a grant or revolving loan program to cover costs associated activities including, but not limited to, the following:

1. Preservation or purchase of housing for maintaining or implementing affordability controls;
2. Rehabilitation grants;
3. New construction of affordable housing units and related costs;
4. Implementing accessory apartment, market to affordable, or regional housing partnership programs;
5. Conversion of existing non-residential buildings to create new affordable units;
6. Green building strategies designed to be cost saving and in accordance with accepted national or State standards;
7. Purchase of land or improvement of land to be used for affordable housing;
8. Extensions or improvements of roads and infrastructure to affordable housing sites;
9. Financial assistance designed to increase affordability; and
10. Administration necessary for implementation of the Housing Element and Fair Share Plan.

(A) Anticipated Rehabilitation and New Construction Projects

As discussed in the Housing Element and Fair Share Plan, Avon-by-the-Sea has a rehabilitation present need obligation of zero (0) units in the Fourth Round. Avon-by-the-Sea does not plan to dedicate any funds towards rehabilitation projects at this time.

(B) Affordability Assistance Requirement

The Borough anticipates dedicating \$328,000 to its affordability assistance program.

As per the requirements of N.J.A.C. 5:93-8.16, at least thirty (30%) percent of all development fees and interest earned shall be used to provide low- and moderate-income households in affordable units with affordability assistance. One-third of the

required affordability assistance shall specifically be used to provide affordability assistance to very low-income households (i.e. those households earning thirty percent or less of regional median income).

The projected minimum affordability assistance requirement through 2035 is calculated as follows:

Table 1. Minimum Affordability Assistance

Projected development fees plus interest, 2025 - 2035	\$1,022,207.23
PROJECTED TOTAL	\$1,022,207.23
Projected minimum affordability assistance requirement (30%)	\$ 306,662.17
Projected minimum required for very low-income households (1/3 of total affordability assistance)	\$ 102,220.70

Affordability assistance programs may include down payment assistance; security deposit assistance; low interest loans; rental assistance; assistance with homeowner's association or condominium fees and special assessments; and assistance with emergency repairs.

Affordability assistance to households earning thirty (30%) percent or less of median income may further 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.

(C) Administrative Expenses

Avon-by-the-Sea Borough may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan. Also in accordance with N.J.A.C. 5:93-8.16, the Borough can use up to twenty (20%) percent of all revenues collected from development fees 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, rehabilitation program, a Housing Element and Fair Share Plan, an affirmative marketing program, income qualification of households, monitoring the turnover of sale and rental units, and/or compliance with monitoring requirements.

The projected maximum administrative expenditures through 2035 is calculated as follows:

Table 2. Maximum Administrative Expenditures

Projected development fees plus interest, 2025-2035	\$1,022,207.23
PROJECTED TOTAL	\$1,022,207.23
Projected maximum administrative expenditures (20%)	\$ 204,441.45

IV. Expenditure Schedule

The schedule for expenditures by year can be found in Table 3 attached to this Spending Plan.

V. Excess of Funds

In the event that more funds than anticipated are collected, these excess funds will be used to fund additional rehabilitation and/or affordability assistance programs.

VI. Barrier Free Escrow

Collection and distribution of barrier free funds shall be consistent with the Borough's Affordable Housing Ordinance in accordance with N.J.A.C. 5:97-8.5. A process describing the collection and distribution procedures for barrier free escrow funds pursuant to N.J.A.C. 5:97-8.5 is detailed within the Affordable Housing Ordinance.

VII. In Sum

Avon-by-the-Sea has prepared this Spending Plan in support of the implementation of its Fourth Round Housing Element and Fair Share plan, and in accordance with the administrative requirements of N.J.A.C. 5:93-1 et seq. The Borough has a balance of \$0 as of January 1, 2025 and anticipates an additional \$1,022,207.23 in revenues, including interest, by December 31, 2035. The Spending Plan represents the Borough's intended use of development fee revenues that are collected in its Housing Trust Fund, illustrating how the Borough will use these funds to provide for its fair share of regional affordable housing need. This will leave a balance of \$476,507.23, which the Borough will reserve in the event that an additional affordable housing project becomes necessary. The Spending Plan represents the Borough's intended use of development fee revenues that are collected in its Housing Trust Fund, illustrating how the Borough will use these funds to provide for its fair share of regional affordable housing need.

Table 3: Housing Trust Fund Borough of Avon-by-the-Sea, New Jersey												
Projected Revenues for 2025-2035												
Funding Source	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
AHTF Balance as of 1/1/2025	\$ -											\$ -
Projected Development Fees	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 87,237.75	\$ 959,615.25
Pmts in lieu of construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total account balance (2.53%)	\$ 947.18	\$ 1,894.35	\$ 2,841.53	\$ 3,788.70	\$ 4,735.88	\$ 5,683.05	\$ 6,630.23	\$ 7,577.40	\$ 8,524.58	\$ 9,497.05	\$ 10,472.06	\$ 62,591.98
Total	\$ 88,184.93	\$ 89,132.10	\$ 90,079.28	\$ 91,026.45	\$ 91,973.63	\$ 92,920.80	\$ 93,867.98	\$ 94,815.15	\$ 95,762.33	\$ 96,734.80	\$ 97,709.81	\$ 1,022,207.23
Projected Expenditures for 2025-2035												
Type	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Affordability Assistance	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 29,000.00	\$ 29,000.00	\$ 328,000.00
Administrative Costs	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,800.00	\$ 19,700.00	\$ 217,700.00
												\$ -
Total	\$ 49,800.00	\$ 49,800.00	\$ 49,800.00	\$ 49,800.00	\$ 49,800.00	\$ 49,800.00	\$ 49,800.00	\$ 49,800.00	\$ 49,800.00	\$ 48,800.00	\$ 48,700.00	\$ 545,700.00
Projected Balance available for Future Projects and Programs												\$ 476,507.23