

EATONTOWN BOROUGH
AFFORDABLE HOUSING TRUST FUND SPENDING PLAN
May 2025

The Borough of Eatontown has a history of compliance with its Mount Laurel affordable housing obligation and has previously implemented all necessary ordinances for establishing an affordable housing trust fund financed through the collection of mandatory development fees to assist in accomplishing the provision of affordable housing.

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; creating a dedicated revenue source for affordable housing and a mechanism to provide revenue for the Borough's Affordable Housing Trust Fund. 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 the amount of development fees collected to date.

As of April 30, 2025, the Borough had a balance of \$3,641,448.71 in the trust fund account held at Ocean First Bank. The current interest rate on the account is 4.39%. In 2024, Eatontown expended \$65,709.51 from the account and generated in \$192,794.64 in revenue through development fees and interest earned on the account. The development fees collected in 2024 totaled \$17,304. This figure provides a reasonable estimate for anticipated annual development fee revenue through 2035.

The Borough of Eatontown projects a total of \$1,325,206.51 in interest and revenue to be collected from May 1, 2025 to December 31, 2035. This projected amount, when added to the trust fund balance from April 30, 2025, results in an anticipated total revenue of \$4,996,655.22 available to fund and administer the Borough's affordable housing plan and

programs. All interest earned on the account shall accrue to the account and be used only for the purposes of affordable housing. See the Projected Revenues Table 3, at the end of this Spending plan.

II. Administrative Mechanisms for Collecting and Distributing Revenues

The Borough's Development Fee Ordinance is recorded in Chapter 89, Subsections 106.22 through 106.32 of Eatontown'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.

All development fees are deposited in a separate affordable housing trust fund held in an account at Ocean First Bank. Per stipulations in the Development Fee Ordinance the account and the record of distribution of funds is maintained by the Township's Chief Financial Officer.

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, Eatontown has a rehabilitation present need obligation of 20 units in the Fourth Round. Eatontown plans to dedicate an average of \$50,000 per unit to rehabilitation projects. The Borough plans to participate in the County’s Rehab Program. At the average cost of \$25,000 per unit, the Borough preliminarily expects to rehabilitate approximately 20 units through 2035, totaling \$1,000,000.00. An outline of these expenditures can be found in Table 3 attached to this Spending Plan.

(B) Affordability Assistance Requirement

The Borough anticipates dedicating \$2,405,550, 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

Trust fund balance as of 04/30/25	\$3,641,448.71
Projected development fees plus interest, 2025 - 2035	\$4,377,034
PROJECTED TOTAL	\$8,018,483.09
Projected minimum affordability assistance requirement (30%)	\$ 2,405,544.93
Projected minimum required for very low-income households (1/3 of total affordability assistance)	\$ 801,848.31

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

Eatontown 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

Trust fund balance as of 04/30/25	\$3,641,448.71
Projected development fees plus interest, 2025 - 2035	\$4,377,034.38
PROJECTED TOTAL	\$8,018,483.09
Projected maximum administrative expenditures (20%)	\$ 1,603,696.62

IV. Schedule for New or Rehabilitated Housing Units

The schedule for new or rehabilitated housing units is documented by year in the Projected Expenditures table attached to this Spending Plan.

V. Expenditure Schedule

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

VI. 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.

VII. 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.

VIII. In Sum

Eatontown 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 \$3,641,448.71 as of April 30, 2025 and anticipates an additional \$4,377,034.38 in revenues, including interest, by December 31, 2035 for a total of \$8,018,483.09. 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 \$1,369,930.08, 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 Eatontown, New Jersey Projected Revenues for 2025-2035												
Funding Source	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
AHIF Balance as of 4/30/25	\$ 3,641,448.71											\$ 3,641,448.71
Projected Development Fees	\$ 17,304.00	\$ 17,304.00	\$ 17,304.00	\$ 17,304.00	\$ 1,250,000.00	\$ 1,250,000.00	\$ 17,304.00	\$ 17,304.00	\$ 17,304.00	\$ 17,304.00	\$ 17,304.00	\$ 2,655,736.00
Fees in lieu of construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on total account balance (4.39%)	\$ 160,619.24	\$ 116,771.00	\$ 86,092.76	\$ 55,414.18	\$ 85,910.75	\$ 107,820.14	\$ 86,589.18	\$ 65,358.22	\$ 44,127.26	\$ 22,896.30	\$ 1,665.33	\$ 1,331,995.37
Total	\$ 3,819,371.95	\$ 134,075.00	\$ 103,396.76	\$ 571,449.18	\$ 1,335,910.75	\$ 1,357,820.14	\$ 103,899.18	\$ 82,662.22	\$ 61,431.26	\$ 40,200.30	\$ 18,969.33	\$ 7,629,180.08
Projected Expenditures for 2025-2035												
Type	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Rehabilitation Program		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$1,000,000
Pine Tree Park		\$515,200	\$215,200	\$215,200	\$54,400							\$1,000,000
Senior Housing Corporation						\$250,000						\$250,000
Affordability Assistance		\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 240,555.00	\$ 2,405,550.00
Administrative Costs		\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 160,370.00	\$ 1,603,700.00
Total	\$ -	\$ 1,016,125.00	\$ 716,125.00	\$ 716,125.00	\$ 555,325.00	\$ 750,925.00	\$ 500,925.00	\$ 6,259,250				
Projected Balance available for Future Projects and Programs												
												\$ 1,369,930.08