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February 25, 2026

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VIA E-COURTS

Hon. William G. Mennen, J.S.C.
Somerset County Superior Court
20 N Bridge St.
Somerville, New Jersey 08876

**Re: In the Matter of the Application of the Borough of Bound Brook, County of
Somerset
Docket No. SOM-L-155-25**

Dear Judge Mennen,

Please be advised that this office represents the Plaintiff Borough of Bound Brook (“Plaintiff” or the “Borough”) in the above-referenced matter. Pursuant to the Court’s January 8, 2026 Consent Order, please find annexed to this correspondence a Certified Resolution of the Borough’s Resolution 2026-063 adopting an updated Affordable Housing Spending Plan.

Respectfully submitted,

/s/ Rajeev Venkat
Rajeev Venkat, Esq.
Attorney at Law

Encl.

Cc: Joshua Bauers, Esq.

R2026-063

BOROUGH OF BOUND BROOK
County of Somerset

RESOLUTION 2026-063

RESOLUTION ADOPTING AN UPDATED AFFORDABLE HOUSING SPENDING PLAN FOR THE BOROUGH OF BOUND BROOK

WHEREAS, pursuant to the Fair Housing Act at N.J.S.A. 52:27D-329.2 and the Uniform Housing Affordability Controls at N.J.A.C. 5:80-26.1 et. seq., the Borough is required to include a spending plan in its Housing Element and Fair Share Plan; and

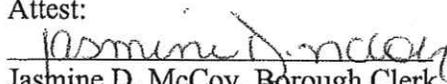
WHEREAS, on January 8, 2026, Judge William G. Mennen, J.S.C. entered a Consent Order in "In the Matter of the Application of the Borough of Bound Brook, County of Somerset," Docket No. SOM-L-155-25, directing the Borough to adopt a spending plan by March 15, 2026; and

WHEREAS, the Borough's Planner, Heyer, Gruel & Associates, has prepared a spending plan (the "Spending Plan"); and

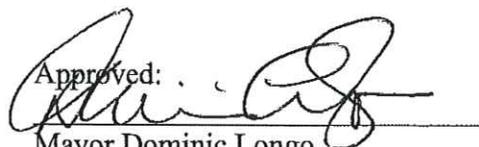
WHEREAS, the Borough deems it in the best interest of the public and in furtherance of its affordable housing obligations to adopt the Spending Plan.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Bound Brook, County of Somerset, State of New Jersey, that the Spending Plan prepared by Heyer, Gruel & Associates on February 20, 2026, setting forth the explanation of funds and expenditures to implement the Borough's affordable housing plan is hereby adopted. The Spending Plan is attached herein.

Attest:


Jasmine D. McCoy, Borough Clerk

Approved:


Mayor Dominic Longo

Date of Adoption: February 24, 2026

I, Jasmine D. McCoy certify that
this is a true copy of a resolution
adopted by Bound Brook Borough
Mayor & Council at meeting of

February 24, 2026



Affordable Housing Trust Fund Fourth Round Spending Plan

February 20, 2026

Approved by the Borough Council on February 24, 2026

Borough of Bound Brook
Somerset 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

A handwritten signature in black ink that reads "Lindsey Massih". The signature is written in a cursive style and is positioned above a horizontal line.

Lindsey Massih, AICP, P.P. #6473

With contributing content by Gabrielle Thurm, AICP, Associate Planner

Contents

INTRODUCTION	3
1. REVENUES FOR CERTIFICATION PERIOD	4
Methodology.....	4
(a) Projected Development Fees	4
(b) Projected Interest.....	4
Projected Revenues Chart	4
2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS	5
Collection of Development Fee Revenues	5
Distribution of Development Fee Revenues	5
Collection and Distribution of Barrier Free Funds	5
3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS	5
Methodology.....	5
(a) Affordability Assistance (N.J.A.C. 5:99-2.5)	5
(b) Administrative Expenses (N.J.A.C. 5:99-2.4)	7
(c) Rehabilitation Assistance	8
(d) General Housing Activity	8
EXPENDITURE SCHEDULE.....	9
4. EXCESS OR SHORTFALL OF FUNDS	9
5. SUMMARY.....	10

INTRODUCTION

The Borough of Bound Brook, Somerset County, has prepared and will adopt a Fourth Round Housing Element and Fair Share plan that addresses its regional fair share of the affordable housing need in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301) as amended.

The Borough of Bound Brook currently does not have an Affordable Housing Trust Fund and will create such a fund, as permitted by statute, to fund and implement the required activities in its Fourth Round Plan and in future rounds. In response to the most recent UHAC regulations and the Fourth Round Rules (N.J.A.C. 5:99), effective as of December 15, 2025, the Borough of Bound Brook introduced its development fee ordinance on February 10, 2026, and the Borough Council plans to adopt the ordinance on March 10, 2026.

As of February 20, 2026, the Borough of Bound Brook has a \$0 balance in its Affordable Housing Trust Fund. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees will be deposited into a separate, interest-bearing affordable housing trust fund account for affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:99, as described in the sections that follow.

This Fourth Round Spending Plan is submitted for approval to expend all current and future affordable housing trust fund monies, as necessary, to support the development of new affordable housing units.

1. REVENUES FOR CERTIFICATION PERIOD**METHODOLOGY**

To calculate a projection of revenue anticipated during the period of the Fourth Round, the Borough of Bound Brook considered the following:

(a) Projected Development Fees

1. Residential and non-residential projects that have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the Planning 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. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

PROJECTED REVENUES CHART

This revenue is projected to consist of \$1,900,000 in anticipated development fee revenues and \$8,550 in anticipated interest, as shown in the table below. These figures are estimates based upon the collection of development fees and average interest rates for trust fund revenue. 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.

TABLE 1: PROJECTED REVENUES				
Year	Source of Funds			
	Historical Balance (as of 12/31/2025)	(a) Projected Development Fees	(c) Projected Interest	Total
Current Balance	\$0	--	--	\$0
2026	--	\$200,000	\$900	\$200,900.00
2027	--	\$200,000	\$900	\$200,900.00
2028	--	\$200,000	\$900	\$200,900.00
2029	--	\$200,000	\$900	\$200,900.00
2030	--	\$200,000	\$900	\$200,900.00
2031	--	\$200,000	\$900	\$200,900.00
2032	--	\$200,000	\$900	\$200,900.00
2033	--	\$200,000	\$900	\$200,900.00
2034	--	\$200,000	\$900	\$200,900.00
2035	--	\$100,000	\$450	\$200,450.00

TOTAL	\$0	\$1,900,000	\$8,550	\$1,908,550.00
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The Borough projects that a total of \$1,900,000 in development fees and other revenue will be collected between March 15, 2026, and June 30, 2035. An additional \$8,550 in interest is projected to be earned. In conjunction with the existing Affordable Housing Trust Fund balance of \$0, the Borough projects total Affordable Housing Trust Fund revenues and interest of \$1,908,550 through June 30, 2035.

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 Bound Brook:

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.

DISTRIBUTION OF DEVELOPMENT FEE REVENUES

The Administrative Agent and the Municipal Housing Liaison will manage the projects outlined in this Spending Plan and the Housing Element and Fair Share Plan. The release of funds requires the Borough Council to adopt a resolution. Once a request is approved by resolution, the Chief Financial Officer (CFO) releases the requested revenue from the trust fund for the specific use approved by the Borough Council.

COLLECTION AND DISTRIBUTION OF BARRIER-FREE FUNDS

N.J.A.C. 5:99-2.6 establishes that an Affordable Housing Trust Fund may include fees collected to adapt affordable unit entrances to be accessible in accordance with the Fair Housing Act (P.L.2024, c.2) and the Barrier Free Subcode (N.J.A.C. 5:23-7). Municipalities choosing to collect funds for this purpose must ensure that the funds remain identifiable from other funds. Collection and distribution of barrier-free funds, as applicable, shall be consistent in accordance with the appropriate regulations.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

METHODOLOGY

The following represent the anticipated affordable housing projects within the Borough of Bound Brook that will utilize Trust Fund monies.

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

As per the requirements regarding the use of funds for affordability assistance laid out in N.J.A.C. 5:99-2.5, municipalities are required to dedicate at least 30% of all development fees collected and interest earned

to provide affordability assistance to very-low-, low-, and moderate-income households in affordable units included in the municipality's Fair Share Plan pursuant to N.J.S.A. 52:27D-329.1.

N.J.S.A. 52:27D-329.2 specifies that affordability assistance programs may include down payment assistance, security deposit assistance, low-interest loans, common maintenance expenses for units located in condominiums, rental assistance, and any other program authorized by the department. Further, N.J.A.C. 5:99-2.5 stipulates that affordability assistance offered specifically to very-low-income households may include the following:

1. Offering a subsidy to developers of inclusionary or 100% affordable housing developments; or
2. Buying down the cost of low- or moderate-income units in a municipal fair share plan to make them affordable to very-low-income households, including special needs and supportive housing opportunities.

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 throughout the lifetime of the Trust Fund. That total is multiplied by 30% to determine the projected amount of affordability assistance to be set aside. The actual affordability assistance expenditures from the inception of the fund are then subtracted from the overall 30% being set aside for affordability assistance. This final outcome is the total remaining funds dedicated to affordability assistance for the period ahead.

The Borough has collected \$0 in development fees and interest through 12/31/25. The Borough projects an additional \$1,900,000 in development fees and \$8,550 in interest through 2035. To date, the Borough has expended \$0 from the Affordable Housing Trust Fund for affordability assistance.

TABLE 2: AFFORDABILITY ASSISTANCE (N.J.A.C. 5:99-2.5)		
Actual Development Fees and Interest Earned through 12/31/25		\$0
Projected Development Fees 2026-2035	+	\$1,900,000
Projected Trust Fund Interest 2026-2035	+	\$8,550
Less Housing Activity through [date] (including new construction and rehabilitation)	-	\$0
Total	=	\$1,908,550
[30]% Affordability Assistance Contribution	x [0.3] =	\$572,565
Less Affordability Assistance Expenditures through [date]	-	\$0.00
Projected Affordability Assistance through 6/30/2035	=	\$572,565

The Borough will reserve \$572,565 from the Affordable Housing Trust Fund to render units more affordable for very-low, low-, and moderate-income households. These funds will be utilized for the affordability assistance purposes as enumerated in the Borough's Affordability Assistance Operating Manual, once completed and adopted.

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

N.J.A.C. 5:99-2.4 sets forth that no more than 20% of revenues collected from development fees shall be expended on administration. These funds may apply to costs including, but not limited to:

1. Those reasonably related to the determination of the fair share obligation or development of a municipal Housing Element and Fair Share Plan;
2. Fees necessary to develop or implement affordable housing programs or an affirmative marketing program;
3. Expenses reasonably necessary for compliance with the processes of the Program;
4. Costs associated with functions carried out in compliance with UHAC, including those related to the marketing program and waitlist management, administering the placement of occupants in housing units, income qualification of households, monitoring the turnover of sale and rental units, preserving existing affordable housing, and compliance with the Division's monitoring requirements; and
5. The proportion of a municipal employee's salary related to the Municipal Housing Liaison or Regional Contribution Agreement administrator functions and fees for required educational programs.

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 is 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 incurred since the inception of the Trust Fund are subtracted. The final outcome of this calculation, as depicted in the following table, equates to the total remaining funds that will be available for administrative expenses through the end of the Fourth Round.

The Borough collected \$0 in development fees and interest through 12/31/25. The Borough projects an additional \$1,900,000 in development fees and \$8,550 in interest through 2035. The Borough has never taken part in an RCA. The Borough has spent \$0 on administrative expenses between the inception of the Trust Fund and 12/31/25.

TABLE 3: ADMINISTRATIVE EXPENSES		
Actual Development Fees Collected and Interest Earned through 12/31/25		\$0
Projected Development Fees 2026-2035	+	\$1,900,000
Projected Trust Fund Interest 2026-2035	+	\$8,550
Less RCA Contributions	-	\$0.00
Total	=	\$1,908,550
20% Max. Permitted on Administrative Expenses through June 30, 2035	x 0.20 =	\$381,710
Less Administrative Expenditures through 12/31/2025	-	\$0
Projected Allowed Administrative Expenditures	=	\$381,710

As of 12/31/25, the Borough has spent \$0 on administrative expenses. Therefore, moving forward, the Borough projects that a maximum of \$381,710 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 of the Affordable Housing Trust Fund at any given time on administrative fees. As additional income is collected, money becomes available for administrative expenses. Projected administrative expenditures, subject to the 20% cap, include but are not limited to:

- Administration and expenses associated with the Borough's affordable housing units;
- Expenses associated with the preparation and implementation of the Housing Element and Fair Share Plan and monitoring of the current and future housing programs for the Borough of Bound Brook;
- Affirmative marketing; and
- Income qualification.

(c) Rehabilitation Assistance

As indicated in the Borough's Fourth Round Housing Element and Fair Share Plan, Bound Brook has a Fourth Round Present Need/Rehabilitation obligation of 91 units. In order to address its rehabilitation obligation, the Borough will continue to participate in the Somerset County Housing Rehabilitation Program and will utilize funds from the Borough's affordable housing trust fund to help fund this program. The Borough will commit \$10,000 per unit, which will require a total contribution of \$910,000.

(d) General Housing Activity

The Borough of Bound Brook will dedicate the remaining \$44,275 to General Housing Activity.

EXPENDITURE SCHEDULE

TABLE 4: PROJECTED EXPENDITURE SCHEDULE THROUGH 2035					
Year	Program				Total
	(a) Affordability Assistance	(b) Administration	(c) Rehabilitation	(d) General Housing Activity	
2026	\$31,809.17	\$21,206.11	\$50,555.56	\$2,459.72	\$103,570.83
2027	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2028	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2029	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2030	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2031	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2032	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2033	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2034	\$63,618.33	\$42,412.22	\$101,111.11	\$4,919.44	\$207,141.67
2035	\$31,809.17	\$21,206.11	\$50,555.56	\$2,459.72	\$103,570.83
TOTAL	\$572,565.00	\$381,710.00	\$910,000.00	\$44,275.00	\$1,864,275.00

4. EXCESS OR SHORTFALL OF FUNDS

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

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

5. SUMMARY

As of December 31, 2025, the Borough's Trust Fund had a balance of \$0. The Borough of Bound Brook anticipates an additional \$1,908,550 in revenues and interest by June 30, 2035, resulting in a projected balance of \$1,908,550 for the Fourth Round. The Borough will commit \$572,565 to affordability assistance efforts, \$381,710 to administrative expenses, \$910,000 to rehabilitation, and the remaining \$44,275 to general housing activity.

TABLE 5: SPENDING PLAN SUMMARY	
Balance as of 12/31/25	\$0
PROJECTED REVENUE THROUGH JUN 30, 2025	
Development fees	+ \$1,900,000
Other funds	+ \$0
Interest	+ \$8,550
TOTAL REVENUE + CURRENT BALANCE	= \$1,908,550
EXPENDITURES	
Affordability Assistance	- \$572,565.00
Administrative Expenses	- \$381,710.00
Rehabilitation	- \$910,000.00
General Housing Activity	- \$44,275.00
Excess Funds for Additional Housing Activity	= \$0.00
TOTAL PROJECTED EXPENDITURES	= \$1,908,550.00
REMAINING BALANCE	= \$0.00