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**IN THE MATTER OF THE
APPLICATION OF THE TOWNSHIP OF
BRIDGEWATER**

**SUPERIOR COURT OF NEW JERSEY
LAW DIVISION
SOMERSET COUNTY**

DOCKET NO.: SOM-L-186-25

Civil Action

**CERTIFICATION OF ALEXANDER G.
FISHER, ESQ.**

I, ALEXANDER G. FISHER, ESQ., of full age, do hereby certify to the following:

1. I am an Attorney licensed to practice law in the State of New Jersey and a Partner with the law firm Savo, Schalk, Corsini, Warner, Gillespie, O'Grodnick & Fisher, P.A., and am fully familiar with this matter.
2. In support of the Township's Compliance Certification and in accordance with the January 9, 2026 Order signed by the Hon. William G. Mennen, J.S.C., I have attached the following exhibits hereto:
 - a. Exhibit A – Amendment to R-10A Zone (Whitney Drive)
 - b. Exhibit B – Amendment to the RMDU-26 Zone (KRE/Route 22)
 - c. Exhibit C – AH-1 Ordinance (Bridgewater Plaza)
 - d. Exhibit D – AH-2 Ordinance (Frontier Road)
 - e. Exhibit E – AH-3 Ordinance (Cornell Boulevard)
 - f. Exhibit F – Affordable Housing and Development Fee Ordinance
 - g. Exhibit G – Resolution Adopting Affirmative Marketing Plan
 - h. Exhibit H – Resolution Adopting Spending Plan
 - i. Exhibit I – Resolution Adopting Rehabilitation Manual
 - j. Exhibit J – Resolution Adopting Operating Manual
 - k. Exhibit K – Resolution Adopting Affordability Assistance Manual

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Alexander Fisher

Alexander G. Fisher, Esq.

Dated: March 10, 2026

EXHIBIT A

AN ORDINANCE OF THE TOWNSHIP OF BRIDGEWATER AMENDING THE R-10A SINGLE-FAMILY ZONE, SECTION 126-308.1 OF THE TOWNSHIP CODE TO PERMIT SUPPORTIVE HOUSING

WHEREAS, this zone is created in response to a determination that supportive housing, with certain limitations, is appropriate for the R-10A zone; and

WHEREAS, the Township Council of the Township of Bridgewater is in accordance with and accepted the recommendations from the Planning Board and desires to amend Section 126-308.1 of the Bridgewater Township Code;

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Bridgewater, in the County of Somerset and State of New Jersey that Section 126 is amended as follows:

SECTION I A new subsection 126-308.1(3)(e) is hereby added and reads as follows:

- (e) Supportive Housing subject to the following requirements:
 - (i) A minimum lot size of 0.28 acres is required.
 - (ii) A maximum of 5 units shall be permitted.
 - (iii) Accessory structures are permitted within 5 feet of the rear and side yards. No accessory structures are permitted in the front yard.
 - (iv) A maximum of 60% impervious coverage is permitted.
 - (v) The maximum Floor Area Ratio is 0.6.
 - (vi) Side yard setback parking minimum of zero (0) feet adjacent to commercial uses.
 - (vii) Minimum parking shall be 1.5 cars per unit.
 - (viii) Minimum Unit Sizes shall be pursuant to Uniform Housing and Affordability Controls (UHAC) or other state standards for eligible affordable housing units.
 - (ix) Density of 2,500 square feet per Dwelling Unit.
 - (x) Except as otherwise provided herein, all provisions of the Land Use Ordinance, Chapter **126**, shall apply.

SECTION II If any part of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of the ordinance.

SECTION III. Should any section, paragraph, sentence, or clause of this ordinance be declared unconstitutional or invalid for any reasons, the remaining portions of this ordinance shall not be affected thereby and shall remain in full force and effect and, to this end, the provisions of this ordinance are hereby declared severable.

SECTION IV. The within ordinance shall take effect in the time and manner provided by law and, in particular, the procedure delineated in the Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq.

Adopted: August 21, 2025
Effective: September 10, 2025

EXHIBIT B

AN ORDINANCE OF THE TOWNSHIP OF BRIDGEWATER AMENDING SECTION 126-309.3.1 OF THE BRIDGEWATER TOWNSHIP CODE, RMDU-26 MULTI-FAMILY RESIDENTIAL ZONE, ALLOWING FOR A MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON PROPERTY KNOWN AS BLOCK 400, LOT 7.06 ON THE BRIDGEWATER TOWNSHIP TAX MAP AND LOCATED AT 520 ROUTE 22 EAST, INCLUDING AFFORDABLE HOUSING PURSUANT TO THE PROVISIONS OF THE FAIR HOUSING ACT AND THE UNIFORM HOUSING AFFORDABILITY CONTROLS

WHEREAS, this zone is amended in response to a determination that inclusionary affordable housing for Block 400, Lot 7.06, is in the best interest of the Township. The intention is to develop the lands in Block 400, Lot 7.06, in accordance with the existing RMDU-26 Multifamily Residential Zone as a single development entity, including all lands and buildings for the purpose of non-age-restricted, inclusionary multifamily housing development; and

WHEREAS, the Planning Board of the Township of Bridgewater has completed its periodic general re-examination of the Master Plan of the Township pursuant to N.J.S.A. 40:55D-89 of the Municipal Land Use Law; and

WHEREAS, as a result of and as contained in the 2025 Re-Examination Report, the Planning Board has recommended the rezoning of the site identified as “KRE” in the adopted 2025 Housing Element and Fair Share Plan, which is located at 520 Route 22 East and known as Block 400, Lot 7.06, to permit a 128-unit inclusionary family rental development with a 28 affordable unit set-aside; and

WHEREAS, the RMDU-26 Zone exists and presently consists of Block 400, Lot 7, which is adjacent to Lot 7.06, and already permits an inclusionary housing development; and

WHEREAS, the RMDU-26 Zone may be amended and expanded to include Block 400, Lot 7.06; and

WHEREAS, the Township Council of the Township of Bridgewater is in accord with and accepts those recommendations from the Planning Board; and

WHEREAS, N.J.S.A. 40:55D-63 declares that a notice of hearing on an amendment to the zoning ordinance proposing changes to the classification or boundaries of a zoning district is not required if such classification or boundary changes have been recommended to the Township Council in a periodic general re-examination of the Master Plan by the Planning Board; and

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Bridgewater, in the County of Somerset and State of New Jersey it hereby amends section 309.3.1 entitled “RMDU-26 Multi-Family Residential Zone” of Chapter 126 (Land Use) of the Municipal Code of the Township of Bridgewater so as to bring into effect those recommendations set forth in the Township 2025 Master Plan Re-examination Report adopted by the Planning Board, all as follows:

WHEREAS, the Township Council of the Township of Bridgewater is in accordance with and accepted the recommendations from the Planning Board and desires to amend Section 126-309.3.1 of the Bridgewater Township Code;

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Bridgewater, in the County of Somerset and State of New Jersey that Section 126-309.3.1 is amended as follows:

ALL NEW LANGUAGE IS REFLECTED IN BOLDFACE AND BRACKETS. LANGUAGE PROPOSED FOR DELETION IS REFLECTED IN BOLDFACE AND STRIKEOUT. ALL LANGUAGE THAT REMAINS UNCHANGED IS NOT HIGHLIGHTED IN ANY WAY.

SECTION I RMDU-26 Multi-family Residential Zone

This zone is created [**and amended**] in response to a determination that inclusionary affordable housing for Block 400, Lot 7 [**and Lot 7.06**] is in the best interest of the Township. The intention is to develop the lands in Block 400, Lot 7 [**and Lot 7.06**], in accordance with this RMDU-26 Multifamily Residential Zone as a single development entity, including all lands and buildings for the purpose of non-age-restricted multifamily housing, with multifamily rental affordable dwelling[s]. All affordable units must be rental units, and the development is not subject to spot zoning issues. Block 400, Lot 7 [**and Lot 7.06**], abuts [**a school and office to the west**], a cemetery to the south, a building of house of worship community services to the east and a four-lane divided highway with grassed median to the north.

- A. Permitted principal uses in the RMDU-26 Multifamily Residential Zone:
 - (1) Multifamily dwellings with a rental affordable housing component.
 - (2) Rental multifamily affordable housing. In no event shall affordable units be other than rental units.
- B. Permitted accessory uses: uses and structures customarily incidental to the principal use, including:
 - (1) Community rooms and buildings.
 - (2) Rental office and gatehouse.
 - (3) Signs. (See §126-336, 126-162 and 126-195.)
 - (4) Recreational equipment, swimming pool, bathhouse and pool equipment building.
 - (5) Street furniture, bike racks, benches.
 - (6) Storage buildings for equipment with a total maximum of 500 square feet.
 - (7) School bus and jitney pads and shelters.
 - (8) Park areas for the multifamily community.
- C. Requirements for development [**on Lot 7**]:

- (1) Minimum lot area: five acres.
- (2) Minimum yard setbacks.
 - (a) From public streets: 100 feet.
 - (b) Minimum side yard for principal and accessory building setbacks: 50 feet from all perimeter tract boundaries.
 - (c) Minimum rear yard for principal and accessory building setbacks: 100 feet.
 - (d) Minimum distance between buildings: 14 feet.
 - (e) Minimum parking setbacks.
 - [1] Side yard: 6 feet.
 - [2] Front yard: 25 feet.
 - [3] Rear yard: 75 feet.
 - (f) Banked parking may be provided on abutting property, if needed.
- (3) Maximum percent of impervious lot coverage: 65%.
- (4) Minimum lot width: 140 feet.
- (5) Maximum building stories and maximum building height: three stories and 45 feet. There may be no more than two dwelling units in a vertical plane of the building.
- (6) Maximum floor area ratio (FAR): 0.45.
- (7) Maximum density: The maximum density for the tract is 26 dwelling units per acre, except that a maximum of 128 residential units shall be permitted.
- (8) The buildings must be served by public water and public sewer.
- (9) Maximum building length: 140 feet.
- (10) There shall be 40 rental affordable units in the inclusionary community, which are to be constructed in accordance with the Fair Housing Act DCA regulations and Uniform Housing and Affordability Controls (UHAC) standards and guidelines, including, but not limited to, the requirements regarding unit size, a bedroom mix of eight efficiency/one-bedroom, 24 two-bedroom and eight three-bedroom units and income requirements for low-, very-low-, and moderate-income households (current requirements for moderate-income: eight units; low-income: six units; very-low-income: three units).
- (11) In addition to the 40 affordable units, there shall be up to 88 market units.
- (12) Exclusive of the required buffer/building setback area, specifically designated green space and recreational space shall be provided. These areas shall be landscaped.

- (13) The buffer/building setback area along Route 22 will be landscaped with an evergreen screen, planted in double staggered rows in accordance with §126-191D.
- (14) Minimum street rights-of-way and off-street parking. Street design, resident and guest parking shall meet RSIS standards or, per §126-169B(3), shall offer data from the Institute of Transportation Engineers to confirm that a lower number of parking spaces is reasonable and is to be satisfactory to the Township Engineer.
- (15) In order to ensure the development will result in an aesthetically harmonious architectural design, the buildings shall demonstrate a common theme and compatible architectural features with respect to design, textures, facade modulation and roofscape.

[D. Requirements for development on Lot 7.06:]

- [(1) Minimum lot area: 5 acres.**
- (2) Minimum yard setbacks.**
 - (a) From public streets: 50 feet.**
 - (b) Minimum side yard for principal and accessory building setbacks: 25 feet from all perimeter tract boundaries.**
 - (c) Minimum rear yard for principal and accessory building setbacks: 75 feet.**
 - (d) Minimum distance between buildings: 25 feet.**
 - (e) Minimum parking setbacks.**
 - (1) Side yard: 5 feet.**
 - (2) Front yard: 25 feet.**
 - (3) Rear yard: 25 feet.**
 - (f) Banked parking may be provided on abutting property, if needed.**
- (3) Maximum percent of impervious lot coverage: 70%.**
- (4) Minimum lot width: 300 feet.**
- (5) Maximum building stories and maximum building height: Principal buildings containing residential units shall not exceed 4 stories and forty-eight (48) feet if a flat roof. An additional 25% in building height shall be permitted for a pitched roof to provide enhanced screening of mechanicals.**

- (6) Maximum density: The maximum density for the tract is 25 dwelling units per acre, except that a maximum of 128 residential units shall be permitted.**
- (7) The buildings must be served by public water and public sewer.**
- (8) There shall be no less than 28 rental affordable units in the inclusionary community, which are to be constructed in accordance with the Fair Housing Act DCA regulations and the Uniform Housing and Affordability Controls (UHAC) standards and guidelines in effect at the time of application, including, but not limited to, the requirements regarding unit size, a bedroom mix, and income distribution.**
- (9) In addition to the 28 affordable units, there shall be up to 100 market units.**
- (10) Exclusive of the required buffer/building setback area, specifically designated green space and recreational space shall be provided. These areas shall be landscaped.**
- (11) The buffer/building setback area along Route 22 will be landscaped with an evergreen screen in accordance with § 126-191.D.**
- (12) Minimum street rights-of-way and off-street parking. Street design, resident and guest parking shall meet the maximum RSIS standards or, per § 126-169B(3), shall offer data from the Institute of Transportation Engineers to confirm that a lower number of parking spaces is reasonable and is to be satisfactory to the Township Engineer.**
- (13) In order to ensure the development will result in an aesthetically harmonious architectural design, the buildings shall demonstrate a common theme and compatible architectural features with respect to design, textures, facade modulation and roofscape.**
- (14) Affordable Unit Requirements**

 - (i) There shall be a minimum set-aside of 21% of the total units as affordable units, but not less than 28 affordable units.**
 - (ii) The developer shall have an obligation to deed restrict the Affordable Units as very low-income, low-income, or moderate-income affordable units for a period of at least forty (40) years, until such time and under conditions as the Township elects to release the deed restriction, so that the Township may count the Affordable Units against its affordable housing obligation. The deed restrictions shall be recorded with the County Clerk, and a copy of the recorded deed shall be forwarded to the Township Municipal Housing Liaison and Administrative Agent. Any sale of the property or units shall not affect the length or terms of the deed restriction.**

- (iii) The bedroom distribution of the affordable units shall be in accordance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.**
- (iv) The income distribution of the affordable units shall be in accordance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26, and shall also provide for a 13% set-aside of very-low income units as part of the income distribution.**
- (v) All affordable units shall be affirmatively marketed in accordance with UHAC and applicable law.]**

E. Design requirements.

- (1) Indoor and outdoor recreation and community facilities shall be located so as to be accessible by handicapped residents and guests of residents.
- (2) The main entry of each dwelling must be roofed for protection against inclement weather.
- (3) All landscaping shall be in accordance with landscaping requirements of the Township Land Use Ordinance, Chapter 126.
- (4) The Planning Board may require the developer to construct ~~jitney or~~ [school] bus stop pads at areas that are deemed to be appropriate by the Board.
- (5) Unless otherwise permitted, trash enclosures, with source separation, will be provided and will be landscaped. If trash enclosures are not provided, in no event is trash to be left outside so as to become a nuisance. Brochures for recycling should be presented to the tenants upon occupancy.
- (6) Pedestrian sidewalks should be provided to access the community building, recreation space, green space areas, bus stops and any other areas where the Planning Board believes that pedestrian access is likely or convenient.

F. Other requirements.

- (1) Except as otherwise provided herein, all provisions of the Land Use Ordinance, Chapter 126, shall apply.
- (2) If the developer has a future difficulty in renting the market units, the developer may provide factual basis for the request to seek approval from the Township Council to sell the market units rather than rent them. Any decision given by the Township Council shall be at its sole discretion and shall be subject to all other applicable laws.

- (3) A developer's agreement shall be provided and executed which is acceptable to the Township Attorney as to both form and substance.
- (4) Rental affordable housing shall be provided as set forth in Subsections C(10), D(9), and D(15), above, which includes, but is not limited to, unit size, bedroom mix and income requirements.
- (5) A site plan application shall be required.
- (6) The site shall only be developed in conformance with the affordable housing agreement entered into between the developer and the Township of Bridgewater.

SECTION II If any part of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of the ordinance.

SECTION III. Should any section, paragraph, sentence, or clause of this ordinance be declared unconstitutional or invalid for any reasons, the remaining portions of this ordinance shall not be affected thereby and shall remain in full force and effect and, to this end, the provisions of this ordinance are hereby declared severable.

SECTION IV. The within ordinance shall take effect in the time and manner provided by law and, in particular, the procedure delineated in the Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq.

Adopted: March 5, 2026

Effective: March 25, 2026

EXHIBIT C

AN ORDINANCE OF THE TOWNSHIP OF BRIDGEWATER AMENDING SECTION 126 OF THE BRIDGEWATER TOWNSHIP CODE TO ADD SECTION 126-321.8, ENTITLED “AH-1 AFFORDABLE HOUSING ZONE,” ALLOWING FOR A MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON PROPERTY KNOWN AS BLOCK 170, LOT 4.02 ON THE BRIDGEWATER TOWNSHIP TAX MAP AND LOCATED AT 250 ROUTE 28, INCLUDING AFFORDABLE HOUSING PURSUANT TO THE PROVISIONS OF THE FAIR HOUSING ACT AND THE UNIFORM HOUSING AFFORDABILITY CONTROLS

WHEREAS, this zone is created in response to a determination that inclusionary affordable housing for Block 170, Lot 4.02 is in the best interest of the Township. The intention is to develop the lands in Block 170, Lot 4.02, in accordance with this AH-1 Affordable Housing Zone as a single development entity, including all lands and buildings for the purpose of non-age-restricted multifamily residential rental development, with a rental affordable dwelling component;

WHEREAS, the Planning Board of the Township of Bridgewater has completed its periodic general re-examination of the Master Plan of the Township pursuant to N.J.S.A. 40:55D-89 of the Municipal Land Use Law; and

WHEREAS, as a result of and as contained in the 2025 Re-Examination Report, the Planning Board has recommended the rezoning of the site identified as “Bridgewater Plaza” in the adopted 2025 Housing Element and Fair Share Plan, which is located at 250 Route 28 and known as Block 170, Lot 4.02, to permit a 140-unit inclusionary family rental development inclusive of a set-aside of 31 affordable units; and

WHEREAS, the Township Council of the Township of Bridgewater is in accord with and accepts those recommendations from the Planning Board; and

WHEREAS, N.J.S.A. 40:55D-63 declares that a notice of hearing on an amendment to the zoning ordinance proposing changes to the classification or boundaries of a zoning district is not required if such classification or boundary changes have been recommended to the Township Council in a periodic general re-examination of the Master Plan by the Planning Board; and

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Bridgewater, in the County of Somerset and State of New Jersey it hereby amends Chapter 126 (Land Use) of the Municipal Code of the Township of Bridgewater so as to add a new section 321.8 entitled “AH-1 Affordable Housing Zone” and bring into effect those recommendations set forth in the Township 2025 Master Plan Re-examination Report adopted by the Planning Board, all as follows:

SECTION I. AH-1 Affordable Housing Zone

A. Permitted principal uses in the AH-1 Affordable Housing Zone:

- (1) Multifamily dwellings with a rental affordable housing component.

- (2) Rental multifamily affordable housing. In no event shall affordable units be other than rental units.
- B. Permitted accessory uses: uses and structures customarily incidental to the principal use, including:
- (1) Community rooms and buildings.
 - (2) Rental office and gatehouse.
 - (3) Signs. (See §§ 126-336, 126-162 and 126-195.)
 - (4) Recreational equipment, swimming pool, bathhouse and pool equipment building.
 - (5) Street furniture, bike racks, benches.
 - (6) Storage buildings for maintenance equipment with a total maximum of 2,000 square feet.
 - (7) School bus and jitney pads and shelters.
 - (8) Park areas for the multifamily community.
- C. Requirements for development:
- (1) Minimum lot area: 6.7 acres.
 - (2) Minimum yard setbacks.
 - (a) From public streets: 100 feet.
 - (b) Minimum side yard for principal and accessory building setbacks: 75 feet from all perimeter tract boundaries.
 - (c) Minimum parking setbacks: 30 feet from any property line.
 - (d) Banked parking may be provided on abutting property, if needed.
 - (3) Maximum percent of impervious lot coverage: 60%.
 - (4) Minimum lot width: 400 feet.
 - (5) Maximum building stories and maximum building height: four stories and 50 feet.
 - (6) Maximum density: The maximum density for the tract is 21 dwelling units per acre, except that a maximum of 140 residential units shall be permitted.

- (7) The buildings must be served by public water and public sewer.
- (8) Maximum building length: No building shall be in excess of 400 feet in length. However, any building in excess of 200 feet shall have significant articulation and offsets so as to not create a monolithic and overbearing aesthetic.
- (9) There shall be no less than 31 family rental affordable units in the inclusionary community, which are to be constructed in accordance with the Fair Housing Act, DCA regulations, and Uniform Housing and Affordability Controls (UHAC) standards and guidelines. In addition to the 31 affordable units, there shall be up to 109 market units.
- (10) Exclusive of the required buffer/building setback area, specifically designated green space and recreational space shall be provided. These areas shall be landscaped.
- (11) The buffer/building setback area along Route 22 will be landscaped with an evergreen screen, planted in accordance with §126-191D. For areas with only driveways, there shall be an exception to this requirement to the minimum extent necessary for driveway access.
- (12) Minimum street rights-of-way and off-street parking. Street design, resident and guest parking shall meet the maximum RSIS standards or, per §126-169B(3), shall offer data from the Institute of Transportation Engineers to confirm that a lower number of parking spaces is reasonable and is to be satisfactory to the Township Engineer.
- (13) In order to ensure the development will result in an aesthetically harmonious architectural design, the buildings shall demonstrate a common theme and compatible architectural features with respect to design, textures, facade modulation and roofscape.
- (14) Ingress and egress to the property shall be solely on Route 22. A secondary means of access solely for emergency vehicles is permitted on Route 28, if required by the Fire Marshal. The design of this emergency access shall be in accordance with the Fire Marshal's specifications.

D. Design requirements.

- (1) Indoor and outdoor recreation and community facilities shall be located so as to be accessible by handicapped residents and guests of residents.
- (2) The main entry of each dwelling must be roofed for protection against inclement weather.
- (3) All landscaping shall be in accordance with landscaping requirements of the Township Land Use Ordinance, Chapter 126.
- (4) The Planning Board may require the developer to construct jitney or bus stop pads at areas that are deemed to be appropriate by the Board.

- (5) Unless otherwise permitted, trash enclosures, with source separation, will be provided and will be landscaped. If trash enclosures are not provided, in no event is trash to be left outside so as to become a nuisance. Brochures for recycling should be presented to the tenants upon occupancy.
- (6) Pedestrian sidewalks should be provided to access community buildings, recreation spaces, green space areas, bus stops and any other areas where the Planning Board believes that pedestrian access is likely or convenient.

E. Other requirements.

- (1) Except as otherwise provided herein, all provisions of the Land Use Ordinance, Chapter 126, shall apply.
- (2) If the developer has a future difficulty in renting the market units, the developer may provide factual basis for the request to seek approval from the Township Council to sell the market units rather than rent them. Any decision given by the Township Council shall be at its sole discretion and shall be subject to all other applicable laws.
- (3) A developer's agreement shall be provided and executed which is acceptable to the Township Attorney as to both form and substance.
- (4) Rental affordable housing shall be provided as set forth in Subsection C(9), which includes, but is not limited to, unit size, bedroom mix and income requirements.
- (5) The site shall only be developed in conformance with the affordable housing agreement entered into between the developer and the Township of Bridgewater.

F. Affordable Unit Requirements

- (1) There shall be a minimum set-aside of 22% of the total units as affordable family rental units, but not less than 31 affordable units.
- (2) The developer shall have an obligation to deed restrict the Affordable Units as very low-income, low-income, or moderate-income affordable units for a period of at least forty (40) years, until such time and under conditions as the Township elects to release the deed restriction, so that the Township may count the Affordable Units against its affordable housing obligation. The deed restrictions shall be recorded with the County Clerk, and a copy of the recorded deed shall be forwarded to the Township Municipal Housing Liaison and Administrative Agent. Any sale of the property or units shall not affect the length or terms of the deed restriction.
- (3) The bedroom distribution of the affordable units shall be in accordance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.3.
- (4) The income distribution of the affordable units shall be in accordance with the Uniform

Housing Affordability Controls, N.J.A.C. 5:80-26.3, and shall also provide for a 13% set-aside of very-low income units as part of the income distribution.

- (5) All affordable units shall be affirmatively marketed in accordance with UHAC and applicable law.

SECTION II If any part of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of the ordinance.

SECTION III. Should any section, paragraph, sentence, or clause of this ordinance be declared unconstitutional or invalid for any reasons, the remaining portions of this ordinance shall not be affected thereby and shall remain in full force and effect and, to this end, the provisions of this ordinance are hereby declared severable.

SECTION IV. The within ordinance shall take effect in the time and manner provided by law and, in particular, the procedure delineated in the Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq.

Adopted: March 5, 2026
Effective: March 25, 2026

EXHIBIT D

AN ORDINANCE OF THE TOWNSHIP OF BRIDGEWATER AMENDING SECTION 126 OF THE BRIDGEWATER TOWNSHIP CODE TO ADD SECTION 126-321.9, ENTITLED “AH-2 AFFORDABLE HOUSING ZONE,” ALLOWING FOR A MULTI-FAMILY RESIDENTIAL DEVELOPMENT ON PROPERTY KNOWN AS BLOCK 711, LOT 7 ON THE BRIDGEWATER TOWNSHIP TAX MAP AND LOCATED AT 1400 FRONTIER ROAD, INCLUDING AFFORDABLE HOUSING PURSUANT TO THE PROVISIONS OF THE FAIR HOUSING ACT AND THE UNIFORM HOUSING AFFORDABILITY CONTROLS

WHEREAS, this zone is created in response to a determination that inclusionary affordable housing for Block 711, Lot 7 is in the best interest of the Township. The intention is to develop the lands in Block 711, Lot 7, in accordance with this AH-2 Affordable Housing Zone as a single development entity, including all lands and buildings for the purpose of age-restricted multifamily housing, with an age-restricted multifamily rental affordable dwelling component and a group home component; and

WHEREAS, the Planning Board of the Township of Bridgewater has completed its periodic general re-examination of the Master Plan of the Township pursuant to N.J.S.A. 40:55D-89 of the Municipal Land Use Law; and

WHEREAS, as a result of and as contained in the 2025 Re-Examination Report, the Planning Board has recommended the rezoning of the site identified as “1400 Frontier Road” in the adopted 2025 Housing Element and Fair Share Plan, and known as Block 711, Lot 7, to permit a 340-unit age-restricted development inclusive of a set-aside of 70 affordable senior rental units in addition to an on-site 5-bedroom, supportive needs group home; and

WHEREAS, the Township Council of the Township of Bridgewater is in accord with and accepts those recommendations from the Planning Board; and

WHEREAS, N.J.S.A. 40:55D-63 declares that a notice of hearing on an amendment to the zoning ordinance proposing changes to the classification or boundaries of a zoning district is not required if such classification or boundary changes have been recommended to the Township Council in a periodic general re-examination of the Master Plan by the Planning Board; and

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Bridgewater, in the County of Somerset and State of New Jersey it hereby amends Chapter 126 (Land Use) of the Municipal Code of the Township of Bridgewater so as to add a new section 321.9 entitled “AH-2 Affordable Housing Zone” and bring into effect those recommendations set forth in the Township 2025 Master Plan Re-examination Report adopted by the Planning Board, all as follows:

SECTION I AH-2 Affordable Housing Zone

A. Permitted principal uses in the AH-2 Affordable Housing Zone:

- (1) Age-restricted multifamily dwellings with a rental affordable housing component.
- (2) Group home consisting of no fewer than five beds.

- B. Permitted accessory uses: uses and structures customarily incidental to the principal use, including:
- (1) Community rooms and buildings.
 - (2) Rental office and gatehouse.
 - (3) Signs. (See §126-336, 126-162 and 126-195.)
 - (4) Common area recreational equipment, swimming pool, pool equipment storage building.
 - (5) Street furniture, bike racks, benches.
 - (6) Storage buildings for maintenance equipment with a total maximum of 2,000 square feet.
 - (7) School bus and jitney pads and shelters.
 - (8) Private park and playground areas for the multifamily community.
- C. Requirements for development:
- (1) Minimum lot area: 16 acres.
 - (2) Minimum yard setbacks.
 - (a) From public streets: 70 feet.
 - (b) Minimum side yard for principal and accessory building setbacks: 50 feet from all perimeter tract boundaries.
 - (c) Minimum rear yard for principal and accessory building setbacks: 75 feet.
 - (d) Minimum parking setbacks: 40 feet from any property line.
 - (e) Banked parking may be provided on abutting property, if needed.
 - (3) Surface parking areas shall be set back a minimum of 15 feet from the principal building.
 - (4) Maximum percent of impervious lot coverage: 65%.
 - (5) Maximum percent of building coverage: 35%
 - (6) Minimum lot width: 500 feet.
 - (7) Maximum principal building stories and maximum building height: four stories and 52 feet.
 - (8) Maximum accessory structure height: 15 feet.
 - (9) Maximum density: The maximum density for the tract is 21 dwelling units per acre,

except that a maximum of 340 residential units shall be permitted, 70 of which shall be affordable and a 5 bedroom group home.

- (10) Minimum distance between buildings: No portion of a building shall be closer to another building than 50% of its height. In the event the adjacent buildings are different heights, the higher height shall govern.
- (11) Minimum group home beds: Any development must provide a minimum of five group home beds.
- (12) The buildings must be served by public water and public sewer.
- (13) Maximum building length: No building shall be in excess of 400 feet in length. However, any building in excess of 200 feet shall have significant articulation and offsets so as to not create a monolithic and overbearing aesthetic.
- (14) There shall be 70 rental affordable units in the inclusionary community, which are to be constructed in accordance with the Fair Housing Act, DCA regulations, and Uniform Housing and Affordability Controls (UHAC) standards and guidelines. In addition to the 70 affordable units, there shall be up to 269 market units and a 5-bedroom supportive needs group home.
- (15) Exclusive of the required buffer/building setback area, specifically designated green space and recreational space shall be provided. These areas shall be landscaped. The buffer/building setback area along Frontier Road will be landscaped with an evergreen screen in accordance with § 126-191.D.
- (16) Minimum street rights-of-way and off-street parking. Street design, resident and guest parking shall meet the maximum RSIS standards or, per §126-169B(3), shall offer data from the Institute of Transportation Engineers to confirm that a lower number of parking spaces is reasonable and is to be satisfactory to the Township Engineer.
- (17) In order to ensure the development will result in an aesthetically harmonious architectural design, the buildings shall demonstrate a common theme and compatible architectural features with respect to design, textures, facade modulation and roofscape.

D. Design requirements.

- (1) Indoor and outdoor recreation and community facilities shall be located so as to be accessible by handicapped residents and guests of residents.
- (2) The main entry of each dwelling and/or building must be roofed for protection against inclement weather.
- (3) All landscaping shall be in accordance with landscaping requirements of the Township Land Use Ordinance, Chapter 126.

- (4) The Planning Board may require the developer to construct jitney or bus stop pads at areas that are deemed to be appropriate by the Board.
- (5) Unless otherwise permitted, trash enclosures, with source separation, will be provided and will be landscaped. If trash enclosures are not provided, in no event is trash to be left outside so as to become a nuisance. Brochures for recycling should be presented to the tenants upon occupancy.
- (6) Pedestrian sidewalks should be provided to access community buildings, recreation spaces, green space areas, bus stops and any other areas where the Planning Board believes that pedestrian access is likely or convenient.

E. Other requirements.

- (1) Except as otherwise provided herein, all provisions of the Land Use Ordinance, Chapter 126, shall apply.
- (2) If the developer has a future difficulty in renting the market units, the developer may provide factual basis for the request to seek approval from the Township Council to sell the market units rather than rent them. Any decision given by the Township Council shall be at its sole discretion and shall be subject to all other applicable laws.
- (3) A developer's agreement shall be provided and executed which is acceptable to the Township Attorney as to both form and substance.
- (4) Rental affordable housing shall be provided as set forth in Subsection C(15), which includes, but is not limited to, unit size, bedroom mix and income requirements.
- (5) The site shall only be developed in conformance with the affordable housing agreement entered into between the developer and the Township of Bridgewater.

F. Affordable Unit Requirements

- (1) There shall be a minimum affordable set-aside of 22% based on credits, not units. Said set-aside shall be achieved with no less than 70 affordable units and one five-bedroom group home.
- (2) The developer shall have an obligation to deed restrict the Affordable Units as very low-income, low-income, or moderate-income affordable units for a period of at least forty (40) years, until such time and under conditions as the Township elects to release the deed restriction, so that the Township may count the Affordable Units against its affordable housing obligation. The deed restrictions shall be recorded with the County Clerk, and a copy of the recorded deed shall be forwarded to the Township Municipal Housing Liaison and Administrative Agent. Any sale of the property or units shall not affect the length or terms of the deed restriction.

- (3) The bedroom distribution of the affordable units shall be in accordance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.
- (4) The income distribution of the affordable units shall be in accordance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26, and shall also provide for a 13% set-aside of very-low income units as part of the income distribution.
- (5) All affordable units shall be affirmatively marketed in accordance with UHAC and applicable law.

SECTION II If any part of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of the ordinance.

SECTION III. Should any section, paragraph, sentence, or clause of this ordinance be declared unconstitutional or invalid for any reasons, the remaining portions of this ordinance shall not be affected thereby and shall remain in full force and effect and, to this end, the provisions of this ordinance are hereby declared severable.

SECTION IV. The within ordinance shall take effect in the time and manner provided by law and, in particular, the procedure delineated in the Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq.

Adopted: March 5, 2026
Effective: March 25, 2026

EXHIBIT E

25 - 24

AN ORDINANCE OF THE TOWNSHIP OF BRIDGEWATER AMENDING SECTION 126 OF THE BRIDGEWATER TOWNSHIP CODE, REPEALING AND REPLACING SECTION 126-321.10 TITLED “AH-3 AFFORDABLE HOUSING ZONE” ALLOWING FOR ELEVEN 100% AFFORDABLE MULTI-FAMILY RESIDENTIAL DEVELOPMENT UNITS AND FOUR DISABLED VETERANS HOUSING UNITS PURSUANT TO THE PROVISIONS OF THE FAIR HOUSING ACT AND ANY UNIFORM HOUSING AND AFFORDABILITY CONTROLS ON BLOCK 406, LOT 2.01

WHEREAS, this zone is created in response to a determination that inclusionary affordable housing for Block 406, Lot 2.01, is in the best interest of the Township. The intention is to develop the lands in Block 406, Lot 2.01, in accordance with this AH-3 Affordable Housing Zone as a single development entity, including all lands and buildings for the purpose of multifamily rental affordable dwellings and a group home component; and

WHEREAS, the AH-3 Zone was recommended by the Township’s Fourth Round Housing Element and Fair Share Plan, adopted by the Planning Board on June 25, 2025, and was thereafter heard on first reading on August 7, 2025 and adopted by public hearing held by the Township Council on August 21, 2025; and

WHEREAS, the Planning Board of the Township of Bridgewater has completed its periodic general re-examination of the Master Plan of the Township pursuant to N.J.S.A. 40:55D-89 of the Municipal Land Use Law; and

WHEREAS, as a result of and as contained in the 2025 Re-Examination Report, the Planning Board has recommended amending section 321.10 entitled “AH-3 Affordable Housing Zone” of Chapter 126 (Land Use) to provide for adequate and appropriate access to the property, as well as supplemental design standards that provide for buffering from adjacent residential uses; and

WHEREAS, the Township Council of the Township of Bridgewater is in accord with and accepts those recommendations from the Planning Board; and

WHEREAS, N.J.S.A. 40:55D-63 declares that a notice of hearing on an amendment to the zoning ordinance proposing changes to the classification or boundaries of a zoning district is not required if such classification or boundary changes have been recommended to the Township Council in a periodic general re-examination of the Master Plan by the Planning Board; and

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Bridgewater, in the County of Somerset and State of New Jersey it hereby repeals and replaces section 321.10 entitled “AH-3 Affordable Housing Zone” of Chapter 126 (Land Use) of the Municipal Code of the Township of Bridgewater so as to bring into effect those modifications set forth in the Township 2025 Master Plan Re-examination Report adopted by the Planning Board, all as follows:

SECTION I AH-3 Affordable Housing Zone

A. Permitted principal uses in the AH-1 Affordable Housing Zone:

(1) Multi-family residential affordable housing dwelling units.

(2) Disabled veteran housing

B. Permitted accessory uses: Uses and structures customarily incidental to the principal use.

C. Requirements for development:

(1) Multi-family Affordable Residential:

- (a) Maximum Units: 11 dwelling units.
- (b) Minimum Lot Size: 40,000 square feet
- (c) Maximum Impervious Coverage: 60%
- (d) Maximum Building Coverage: 20%
- (e) Maximum Stories: 3
- (f) Maximum Building Height: 38 feet.

(2) Disabled veteran housing

- (a) Maximum units: 4 dwelling units
- (b) Minimum Lot Size: 25,000 square feet.
- (c) Maximum Impervious Coverage: 45%
- (d) Maximum Building Coverage: 20%
- (e) Maximum Stories: 2.5
- (f) Maximum Building Height: 35 feet.

(3) Parking lots and trash enclosures are exempt from setback requirements.

(4) All affordable units are to be constructed in accordance with the Fair Housing Act DCA regulations and Uniform Housing and Affordability Controls (UHAC) standards and guidelines.

(5) Minimum street rights-of-way and off-street parking. Street design, resident and guest parking shall meet RSIS standards or, per §126-169B(3), shall offer data from the Institute of Transportation Engineers to confirm that a lower number of parking spaces is reasonable and is to be satisfactory to the Township Engineer.

(6) In order to ensure the development will result in an aesthetically harmonious architectural design, the buildings shall demonstrate a common theme and compatible architectural features with respect to design, textures, facade modulation and roofscape.

(7) A landscape buffer and fencing shall be provided as a means of screening between single-family residential properties. It is encouraged that plantings be varied to create visual interest and that landscaping be provided on either side of the fence on the AH-3 Zone property to create more natural looking buffer that provides effective screening.

- (8) Any access driveways into the property shall be located a minimum of 20 feet from any adjacent residential use.

D. Design requirements.

- (1) Indoor and outdoor recreation and community facilities shall be located so as to be accessible by handicapped residents and guests of residents.
- (2) In order for utilities to properly access the property, the lots may be configured to allow at least 20 feet of frontage along the right-of-way, as long as no structures are located in this area. Fences, landscaping, and other forms of screening shall be permitted in this area.
- (3) The main entry of each dwelling must be roofed for protection against inclement weather.
- (4) In addition to the requirements listed above for the AH-3 Zone, landscaping requirements of the Township Land Use Ordinance, Chapter 126.
- (5) The Planning Board may require the developer to construct jitney or bus stop pads at areas that are deemed to be appropriate by the Board.
- (6) Unless otherwise permitted, trash enclosures, with source separation, will be provided and will be landscaped. If trash enclosures are not provided, in no event is trash to be left outside so as to become a nuisance. Brochures for recycling should be presented to the tenants upon occupancy.

E. Other requirements.

- (1) Except as otherwise provided herein, all provisions of the Land Use Ordinance, Chapter 126, shall apply.

F. If the developer has a future difficulty in renting the dwelling units, the developer may provide factual basis for the request to seek approval from the Township Council to sell the units rather than rent them. Any decision given by the Township Council shall be at its sole discretion and shall be subject to all other applicable laws.

- (1) A developer's agreement shall be provided and executed which is acceptable to the Township Attorney as to both form and substance.
- (2) The site shall only be developed in conformance with the affordable housing agreement entered into between the developer and the Township of Bridgewater.

SECTION II. If any part of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of the ordinance.

SECTION III. Should any section, paragraph, sentence, or clause of this ordinance be declared unconstitutional or invalid for any reasons, the remaining portions of this ordinance shall not be affected thereby and shall remain in full force and effect and, to this end, the provisions of this ordinance are hereby declared severable.

SECTION IV. The within ordinance shall take effect in the time and manner provided by law and, in particular, the procedure delineated in the Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq.

Adopted: December 17, 2025

Effective: January 6, 2026

EXHIBIT F

AN ORDINANCE ADOPTING AN AFFORDABLE HOUSING ORDINANCE AND DEVELOPMENT FEE ORDINANCE IN ACCORDANCE WITH THE FAIR HOUSING ACT, UNIFORM HOUSING AFFORDABILITY CONTROLS, AND N.J.A.C. 5:99-1, ET SEQ.

WHEREAS, pursuant to the Fair Housing Act, N.J.S.A. 52:27D-301, *et seq.* (“FHA”), the Township of Bridgewater is required to adopt an Affordable Housing and Development Fee Ordinance compliant with the FHA, the Uniform Housing Affordability Controls, 5:80-26.1, *et seq.* (“UHAC”), and 5:99-1, *et seq.* by March 15, 2026, and

WHEREAS, the form of this Affordable Housing and Development Fee Ordinance has been reviewed and approved by Fair Share Housing Center; and

WHEREAS, the Township seeks to comply with all aspects of the FHA, UHAC, and 5:99 in order to obtain a Compliance Certification and immunity from exclusionary zoning and builder’s remedy lawsuits.

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township Bridgewater that Chapter 126-341.2 and Chapters 62-5 through 62-17 are amended as follows:

SECTION I

Chapter 126-341.2 is hereby repealed and replaced with the following:

A. Introduction & Applicability

1. This section of the Code sets forth regulations regarding the very low-, low- and moderate-income housing units in the Township of Bridgewater consistent with the provisions outlined in P.L 2024, Chapter 2, including the amended Fair Housing Act (“FHA”) at N.J.S.A. 52:27D-301 *et seq.*, as well as the Department of Community Affairs, Division of Local Planning Services (“LPS”) at N.J.A.C. 5:99 *et seq.*, statutorily upheld existing regulations of the now-defunct Council on Affordable Housing (“COAH”) at N.J.A.C. 5:93 and 5:97, the Uniform Housing Affordability Controls (“UHAC”) at N.J.A.C. 5:80-26.1 *et seq.*, and as reflected in the adopted municipal Fourth Round Housing Element and Fair Share Plan (“HEFSP”).
2. This Ordinance is intended to ensure that very low-, low- and moderate-income units (“affordable units”) are created with controls on affordability over time and that very low-, low- and moderate-income households shall occupy these units pursuant to statutory requirements. This Ordinance shall apply to all inclusionary developments, individual affordable units, and 100% affordable housing developments except where inconsistent with applicable law. Low-Income Housing Tax Credit financed developments shall adhere to the provisions set forth below in item 5.c. below.
3. The Township of Bridgewater Planning Board has adopted a HEFSP pursuant to the Municipal Land Use Law at N.J.S.A. 40:55D-1, *et seq.* The Fair Share Plan describes the ways the municipality shall address its fair share of very low-, low- and moderate-income housing as approved by the Superior Court and documented in the Housing Element.
4. This Ordinance implements and incorporates the relevant provisions of the HEFSP and addresses the requirements of P.L 2024, Chapter 2, the FHA, N.J.A.C. 5:99, NJ Supreme Court upheld COAH regulations at N.J.A.C. 5:93 and 5:97, and UHAC at N.J.A.C. 5:80-26.1, as may be amended and supplemented.

5. Applicability

- a. The provisions of this Ordinance shall apply to all affordable housing developments and affordable housing units that currently exist and that are proposed to be created pursuant to the municipality's most recently adopted HEFSP.
- b. This Ordinance shall apply to all developments that contain very low-, low- and moderate-income housing units included in the Municipal HEFSP, including any unanticipated future developments that will provide very low-, low- and moderate-income housing units.
- c. Projects receiving federal Low Income Housing Tax Credit financing and are proposed for credit shall comply with the low/moderate split and bedroom distribution requirements, maximum initial rents and sales prices requirements, affirmative fair marketing requirements of UHAC at N.J.A.C. 5:80-26.16 and the length of the affordability controls applicable to such projects shall be not less than a 30-year compliance period plus a 15-year extended-use period, for a total of not less than 45 years.

B. Definitions

As used herein the following terms shall have the following meanings:

“Accessory apartments” means a residential dwelling unit that provides complete independent living facilities with a private entrance for one or more persons, consisting of provisions for living, sleeping, eating, sanitation, and cooking, including a stove and refrigerator, and is located within a proposed preexisting primary dwelling, within an existing or proposed structure that is an accessory to a dwelling on the same lot, constructed in whole or part as an extension to a proposed or existing primary dwelling, or constructed as a separate detached structure on the same lot as the existing or proposed primary dwelling. Accessory apartments are also referred to as “accessory dwelling units”.

“Act” means the New Jersey Fair Housing Act, N.J.S.A. 52:27D-301 et seq.

“Adaptable” means constructed in compliance with the technical design standards of the barrier free subcode adopted by the Commissioner of Community Affairs pursuant to the “State Uniform Construction Code Act,” P.L.1975, c. 217 (C.52:27D-119 et seq.) and in accordance with the provisions of section 5 of P.L.2005, c. 350 (C.52:27D-123.15).

“Administrative agent” means the entity approved by the Division responsible for the administration of affordable units, in accordance with N.J.A.C. 5:99-7, and UHAC at N.J.A.C. 5:80-26.15.

“Affirmative marketing” means a regional marketing strategy designed to attract buyers and/or renters of affordable units pursuant to N.J.A.C. 5:80-26.16.

“Affirmative Marketing Plan” means the municipally adopted plan of strategies from which the administrative agent will choose to implement as part of the Affirmative Marketing requirements.

“Affirmative Marketing Process” or “Program” means the actual undertaking of Affirmative Marketing activities in furtherance of each project with very low- low- and moderate-income units.

“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, pursuant to N.J.A.C. 5:99-2.5.

“Affordability average” means an average of the percentage of regional median income at which restricted units in an affordable development are affordable to low- and moderate-income households.

“Affordable” means, in the case of an ownership unit, that the sales price for the unit conforms to the standards set forth at N.J.A.C. 5:80-26.7 and, in the case of a rental unit, that the rent for the unit conforms to the standards set forth at N.J.A.C. 5:80-26.13.

“Affordable housing development” means a development included in a municipality’s housing element and fair share plan, and includes, but is not limited to, an inclusionary development, a municipally sponsored affordable housing project, or a 100 percent affordable development. This includes developments with affordable units on-site, off-site, or provided as a payment in-lieu of construction only if such a payment-in-lieu option has been previously approved by the Program or Superior Court as part of the HEFSP. Payments in lieu of construction were invalidated per P.L. 2024, c.2.

“Affordable Housing Dispute Resolution Program” or “the Program” refers to the dispute resolution program established pursuant to N.J.S.A. 52:27D-313.2.

“Affordable Housing Monitoring System” or “AHMS” means the Department’s cloud-based software application, which shall be the central repository for municipalities to use for reporting detailed information regarding affordable housing developments, affordable housing unit completions, and the collection and expenditures of funds deposited into the municipal affordable housing trust fund.

“Affordable Housing Trust Fund” or “AHTF” means that non-lapsing, revolving trust fund established in DCA pursuant to N.J.S.A. 52:27D-320 and N.J.A.C. 5:43 to be the repository of all State funds appropriated for affordable housing purposes. All references to the “Neighborhood Preservation Nonlapsing Revolving Fund” and “Balanced Housing” mean the AHTF.

“Affordable unit” means a housing unit proposed or developed pursuant to the Act, including units created with municipal affordable housing trust funds.

“Age-restricted housing” means a housing unit that is designed to meet the needs of, and is exclusively for, an age-restricted segment of the population such that: 1. All the residents of the development where the unit is situated are 62 years or older; 2. At least 80 percent of the units are occupied by one person that is 55 years or older; or 3. The development has been designated by the Secretary of HUD as “housing for older persons” as defined in Section 807(b)(2) of the Fair Housing Act, 42 U.S.C. § 3607.

“Agency” means the New Jersey Housing and Mortgage Finance Agency established by P.L.1983, c. 530 (C.55:14K-1 et seq.).

“Assisted living residence” means a facility licensed by the New Jersey Department of Health to provide apartment-style housing and congregate dining and to ensure that assisted living services are available when needed for four or more adult persons unrelated to the proprietor. Apartment units must offer, at a minimum, one unfurnished room, a private bathroom, a kitchenette, and a lockable door on the unit entrance.

“Barrier-free escrow” means the holding of funds collected to adapt affordable unit entrances to be accessible in accordance with N.J.S.A. 52:27D-311a et seq. Such funds shall be held in a municipal affordable housing trust fund pursuant to N.J.A.C. 5:99-2.6.

“Builder’s remedy” means court-imposed site-specific relief for a litigant who seeks to build affordable housing for which the court requires a municipality to utilize zoning techniques, such

as mandatory set-asides or density bonuses, including techniques which provide for the economic viability of a residential development by including housing that is not for low- and moderate-income households.

“Certified household” means a household that has been certified by an administrative agent as a very-low-income household, a low-income household, or a moderate-income household.

“CHOICE” means the no-longer-active Choices in Homeownership Incentives for Everyone Program, as it was authorized by the Agency.

“COAH” or the “Council” means the Council on Affordable Housing established in, but not of, DCA pursuant to the Act and that was abolished effective March 20, 2024, pursuant to section 3 at P.L. 2024, c. 2 (N.J.S.A. 52:27D-304.1).

“Commissioner” means the Commissioner of the Department of Community Affairs.

“Compliance certification” means the certification obtained by a municipality pursuant to section 3 of P.L.2024, c. 2 (C.52:27D-304.1), that protects the municipality from exclusionary zoning litigation during the current round of present and prospective need and through July 1 of the year the next round begins, which is also known as a “judgment of compliance” or “judgment of repose.” The term “compliance certification” shall include a judgment of repose granted in an action filed pursuant to section 13 of P.L.1985, c. 222 (C.52:27D-313).

“Construction” means new construction and additions, but does not include alterations, reconstruction, renovations, conversion, relocation, or repairs, as those terms are defined in the State Uniform Construction Code promulgated pursuant to the State Uniform Construction Code Act, P.L. 1975, c. 217(N.J.S.A. 52:27D-119 et seq.).

“County-level housing judge” means a judge appointed pursuant to section 5 at P.L. 2024, c. 2, to resolve disputes over the compliance of municipal fair share affordable housing obligations and municipal Fair Share plans and housing elements with the Act.

“DCA” and “Department” mean the State of New Jersey Department of Community Affairs.

“Deficient housing unit” means a housing unit with health and safety code violations that require the repair or replacement of a major system. A major system includes weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement and/or load bearing structural systems.

“Department” means the New Jersey Department of Community Affairs.

“Developer” means 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.

“Development” means the division of a parcel of land into two or more parcels, the construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any building or other structure, or of any mining, excavation, or landfill, and any use or change in the use of any building or other structure, or land or extension of use of land, for which permission may be required pursuant to the Municipal Land Use Law, N.J.S.A. 40:55D-1 et seq.

“Development fee” means money paid by a developer for the improvement of residential and non-residential property as permitted pursuant to N.J.S.A. 52:27D-329.2 and 40:55D-8.1 through 40:55D-8.7 and N.J.A.C. 5:99-3.

“Dispute Resolution Program” means the Affordable Housing Dispute Resolution Program, established pursuant to section 5 at P.L. 2024, c. 2 (N.J.S.A. 52:27D-313.2).

“Division” means the Division of Local Planning Services within the Department of Community Affairs.

“Emergent opportunity” means a circumstance that has arisen whereby affordable housing will be able to be produced through a delivery mechanism not originally contemplated by or included in a fair share plan that has been the subject of a compliance certification.

“Equalized assessed value” or “EAV” means 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 at P.L. 1973, c. 123 (N.J.S.A. 54:1-35a, 54:1-35b, and 54:1-35c). Estimates at the time of building permit may be obtained by the tax assessor using construction cost estimates. Final EAV shall be determined at project completion by the municipal assessor.

“Equity share amount” means the product of the price differential and the equity share, with the equity share being the whole number of years that have elapsed since the last non-exempt sale of a restricted ownership unit, divided by 100, except that the equity share may not be less than five percent and may not exceed 30 percent.

“Exit sale” means the first authorized non-exempt sale of a restricted unit following the end of the control period, which sale terminates the affordability controls on the unit.

“Exclusionary zoning litigation” means litigation challenging the fair share plan, housing element, ordinances, or resolutions that implement the fair share plan or housing element of a municipality based on alleged noncompliance with the Act or the Mount Laurel doctrine, which litigation shall include, but shall not be limited to, litigation seeking a builder’s remedy.

“Extension of expiring controls” means extending the deed restriction period on units where the controls will expire in the current round of a housing obligation, so that the total years of a deed restriction is at least 60 years.

“Fair share obligation” means the total of the present need and prospective need, including prior rounds, as determined by the Affordable Housing Dispute Resolution Program, or a court of competent jurisdiction.

“Fair share plan” means the plan or proposal, with accompanying ordinances and resolutions, by which a municipality proposes to satisfy its constitutional obligation to create a realistic opportunity to meet its fair share of low- and moderate-income housing needs of its region and which details the affirmative measures the municipality proposes to undertake to achieve its fair share of low- and moderate-income housing, as provided in the municipal housing element, and which addresses the development regulations necessary to implement the housing element, including, but not limited to, inclusionary requirements and development fees, and the elimination of unnecessary housing cost-generating features from the municipal land use ordinances and regulations.

“FHA” means the New Jersey Fair Housing Act, N.J.S.A. 52:27D-301 et seq.

“Green Building Strategies” means the strategies that minimize the impact of development on the environment, and enhance the 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.

“HMFA” or “the Agency” means the New Jersey Housing and Mortgage Finance Agency established pursuant to P.L. 1983, c. 530 (N.J.S.A. 55:14K-1 et seq.).

“Household income” means a household’s gross annual income calculated in a manner consistent with the determination of annual income pursuant to section 8 of the United States Housing Act of 1937 (Section 8), not in accordance with the determination of gross income for Federal income tax liability.

“Housing element” means the portion of a municipality’s master plan adopted in accordance with the Municipal Land Use Law (MLUL) at N.J.S.A. 40:55D-28.b(3) and the Act consisting of reports, statements proposals, maps, diagrams, and text designed to meet the municipality’s fair share of its region’s present and prospective housing needs, particularly with regard to low- and moderate-income housing, which shall include the municipal present and prospective obligation for affordable housing, determined pursuant to subsection f. at N.J.S.A. 52:27D-304.1.

“Housing region” means a geographic area established pursuant to N.J.S.A. 52:27D-304.2b.

“Inclusionary development” means a residential housing development in which a substantial percentage of the housing units are provided for a reasonable income range of low- and moderate-income households.

“Judgment of compliance” or “judgment for repose” means a determination issued by the Superior Court approving a municipality’s fair share plan to satisfy its affordable housing obligation for a particular 10-year round.

“Low-income household” means a household with a household income equal to 50 percent or less of the regional median income.

“Low-income unit” means a restricted unit that is affordable to a low-income household.

“Major system” means the primary structural, mechanical, plumbing, electrical, fire protection, or occupant service components of a building which include but are not limited to, weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement or load bearing structural systems.

“Mixed use development” means any development that includes both a non-residential development component and a residential development component, and shall include developments for which: (1) there is a common developer for both the residential development component and the non-residential development component, provided that for purposes of this definition, multiple persons and entities maybe considered a common developer if there is a contractual relationship among them obligating each entity to develop at least a portion of the residential or non-residential development, or both, or otherwise to contribute resources to the development; and (2) the residential and non-residential developments are located on the same lot or adjoining lots, including, but not limited to, lots separated by a street, a river, or another geographical feature.

“Moderate-income household” means a household with a household income in excess of 50 percent but less than 80 percent of the regional median income.

“Moderate-income unit” means a restricted unit that is affordable to a moderate-income household.

“MONI” means the no-longer-active Market Oriented Neighborhood Investment Program, as it was authorized by the Agency.

“Municipal housing liaison” or “MHL” means an appointed municipal employee who is, pursuant to N.J.A.C. 5:99-6, responsible for oversight and/or administration of the affordable units created within the municipality.

“Municipal affordable housing trust fund” means a separate, interest-bearing account held by a municipality for the deposit of development fees, payments in lieu of constructing affordable units on sites zoned for affordable housing previously approved prior to March 20, 2024 (per P.L. 2024, c.2), barrier-free escrow funds, recapture funds, proceeds from the sale of affordable units, rental income, repayments from affordable housing program loans, enforcement fines, unexpended RCA funds remaining from a completed RCA project, application fees, and any other funds collected by the municipality in connection with its affordable housing programs, which shall be used to address municipal low- and moderate-income housing obligations within the time frames established by the Legislature and this chapter.

“Municipal development fee ordinance” means an ordinance adopted by the governing body of a municipality that authorizes the collection of development fees.

“New construction” means the creation of a new housing unit under regulation by a code enforcement official regardless of the means by which the unit is created. Newly constructed units are evidenced by the issuance of a certificate of occupancy and may include new residences created through additions and alterations, adaptive reuse, subdivision, or conversion of existing space, and moving a structure from one location to another.

“New Jersey Affordable Housing Trust Fund” means an account established pursuant to N.J.S.A. 52:27D-320.

“New Jersey Housing Resource Center” or “Housing Resource Center” means the online affordable housing listing portal, or its successor, overseen by the Agency pursuant to N.J.S.A. 52:27D-321.3 et seq.

“95/5 restriction” means a deed restriction governing a restricted ownership unit that is part of a housing element that received substantive certification from COAH pursuant to N.J.A.C. 5:93, as it was in effect at the time of the receipt of substantive certification, before October 1, 2001, or any other deed restriction governing a restricted ownership unit with a seller repayment option requiring 95 percent of the price differential to be paid to the municipality or an instrument of the municipality at the closing of a sale at market price.

“Non-exempt sale” means any sale or transfer of ownership of a restricted unit to one’s self or to another individual other than the transfer of ownership between spouses or civil union partners; the transfer of ownership between former spouses or civil union partners ordered as a result of a judicial decree of divorce or judicial separation, but not including sales to third parties; the transfer of ownership between family members as a result of inheritance; the transfer of ownership through an executor’s deed to a class A beneficiary; and the transfer of ownership by court order.

“Nonprofit” means an organization granted nonprofit status in accordance with section 501(c)(3) of the Internal Revenue Code.

“Non-residential development” means:

Any building or structure, or portion thereof, including, but not limited to, any appurtenant improvements, which is designated to a use group other than a residential use group according to the State Uniform Construction Code, N.J.A.C. 5:23, promulgated to effectuate the State uniform Construction Code Act, N.J.S.A. 52:27D-119 et seq., including any subsequent amendments or revisions thereto;

Hotels, motels, vacation timeshares, and child-care facilities; and

The entirety of all continuing care facilities within a continuing care retirement community which is subject to the Continuing Care Retirement Community Regulation and Financial Disclosure Act, N.J.S.A.52:27D-330 et seq.

“Non-residential development fee” means the fee authorized to be imposed pursuant to N.J.S.A. 40:55D-8.1 through 40:55D-8.7.

“Order for repose” means the protection a municipality has from a builder’s remedy lawsuit for a period of time from the entry of a judgment of compliance by the Superior Court. A judgment of compliance often results in an order for repose.

“Payment in lieu of constructing affordable units” means the prior approval of the payment of funds to the municipality by a developer when affordable units were not produced on a site zoned for an inclusionary development. The statutory permission for payments in lieu of constructing affordable units was eliminated per P.L. 2024, c.2.

“Prospective need” means a projection of housing needs based on development and growth which is reasonably likely to occur in a region or a municipality, as the case may be, as a result of actual determination of public and private entities. Prospective need shall be determined by the methodology set forth pursuant to sections 6 and 7 of P.L.2024, c. 2 (C.52:27D-304.2 and C.52:27D-304.3) for the fourth round and all future rounds of housing obligations.

“Qualified Urban Aid Municipality” means a municipality that meets the criteria established pursuant to N.J.S.A. 52:27D-304.3.c(1).

“Person with a disability” means a person with a physical disability, infirmity, malformation, or disfigurement which is caused by bodily injury, birth defect, aging, or illness including epilepsy and other seizure disorders, and which shall include, but not be limited to, any degree of paralysis, amputation, lack of physical coordination, blindness or visual impairment, deafness or hearing impairment, the inability to speak or a speech impairment, or physical reliance on a service animal, wheelchair, or other remedial appliance or device.

“Price differential” means the difference between the controlled sale price of a restricted unit and the contract price at the exit sale of the unit, determined as of the date of a proposed contract of sale for the unit. If there is no proposed contract of sale, the price differential is the difference between the controlled sale price of a restricted unit and the appraised value of the unit as if it were not subject to UHAC, determined as of the date of the appraisal. If the controlled sale price exceeds the contract price or, in the absence of a contract price, the appraised value, the price differential is zero dollars.

“Prior round unit” means a housing unit that addresses a municipality’s fair share obligation from a round prior to the fourth round of affordable housing obligations, including any unit that: (1) received substantive certification from COAH; (2) is part of a third-round settlement agreement or judgment of compliance approved by a court of competent jurisdiction, inclusive of units created pursuant to a zoning designation adopted as part of the settlement agreement or judgment of compliance to create a realistic opportunity for development; (3) is subject to a grant agreement or other contract with either the State or a political subdivision thereof entered into prior to July 1, 2025, pursuant to either item (1) or (2) above; or (4) otherwise addresses a municipality’s fair share obligation from a round prior to the fourth round of affordable housing obligations. A unit created after the enactment of P.L. 2024, c. 2 (N.J.S.A. 52:27D-304.1) on March 20, 2024, is not a prior round unit unless: (1) it is created pursuant to a prior round development plan or zoning designation

that received COAH or court approval on or before the cutoff date of June 30, 2025, or the date that the municipality adopts the implementing ordinances and resolutions for the fourth round of affordable housing obligations, whichever occurs sooner; and (2) its siting and creation are consistent with the form of the prior round development plan or zoning designation in effect as of the cutoff date, without any amendment or variance.

“Program” means the Affordable Housing Dispute Resolution Program, established pursuant to section 5 of P.L.2024, c. 2 (C.52:27D-313.2).

“Random selection process” means a lottery process by which currently income-eligible applicant-households are selected, at random, for placement in affordable housing units such that no preference is given to one applicant over another, except in the case of a veterans’ preference where such an agreement exists; for purposes of matching household income and size with an appropriately priced and sized affordable unit; or another purpose allowed pursuant to N.J.A.C. 5:80-26.7(k)3. This definition excludes any practices that would allow affordable housing units to be leased or sold on a first-come, first-served basis.

“RCA administrator” means an appointed municipal employee who is responsible for oversight and/or administration of affordable units and associated revenues and expenditures within the municipality that were funded through regional contribution agreements.

“RCA project plan” means a past application, submitted by a receiving municipality in an RCA, delineating the manner in which the receiving municipality intended to create or rehabilitate low- and moderate-income housing.

“Receiving municipality” means, for the purposes of an RCA, a municipality that contractually agreed to assume a portion of another municipality’s fair share obligation.

“Reconstruction” means any project where the extent and nature of the work is such that the work area cannot be occupied while the work is in progress and where a new certificate of occupancy is required before the work area can be reoccupied, pursuant to the Rehabilitation Subcode of the uniform Construction Code, N.J.A.C. 5:23-6. Reconstruction shall not include projects comprised only of floor finish replacement, painting or wallpapering, or the replacement of equipment or furnishings. Asbestos hazard abatement and lead hazard abatement projects shall not be classified as reconstruction solely because occupancy of the work area is not permitted.

“Recreational facilities and community centers” means any indoor or outdoor buildings, spaces, structures, or improvements intended for active or passive recreation, including, but not limited to, ballfields, meeting halls, and classrooms, accommodating either organized or informal activity.

“Regional contribution agreement” or “RCA” means a contractual agreement, pursuant to the Act, into which two municipalities voluntarily entered into and was approved by COAH and/or Superior Court prior to July 18, 2008, to transfer a portion of a municipality’s affordable housing obligation to another municipality within its housing region.

“Regional median income” means the median income by household size for an applicable housing region, as calculated annually in accordance with N.J.A.C. 5:80-26.3.

“Rehabilitation” means the repair, renovation, alteration, or reconstruction of any building or structure, pursuant to the Rehabilitation Subcode, N.J.A.C. 5:23-6.

“Rent” means the gross monthly cost of a rental unit to the tenant, including the rent paid to the landlord, as well as an allowance for tenant-paid utilities computed in accordance with allowances published by DCA for its Section 8 program. With respect to units in assisted living residences, rent does not include charges for food and services.

“Residential development fee” means money paid by a developer for the improvement of residential property as permitted pursuant to N.J.S.A. 52:27D-329.2 and N.J.A.C. 5:99-3.2.

“Restricted unit” means a dwelling unit, whether a rental unit or ownership unit, that is subject to the affordability controls of this subchapter but does not include a market-rate unit that was financed pursuant to UHORP, MONI, or CHOICE.

“Spending plan” means a method of allocating funds contained in an affordable housing trust fund account, which includes, but is not limited to, development fees collected and to be collected pursuant to an approved municipal development fee ordinance, or pursuant to N.J.S.A. 52:27D-329.1 et seq., for the purpose of meeting the housing needs of low- and moderate-income individuals.

“State Development and Redevelopment Plan” or “State Plan” means the plan prepared pursuant to sections 1 through 12 of the “State Planning Act,” P.L.1985, c. 398 (C.52:18A-196 et al.), designed to represent a balance of development and conservation objectives best suited to meet the needs of the State, and for the purpose of coordinating planning activities and establishing Statewide planning objectives in the areas of land use, housing, economic development, transportation, natural resource conservation, agriculture and farmland retention, recreation, urban and suburban redevelopment, historic preservation, public facilities and services, and intergovernmental coordination pursuant to subsection f. of section 5 of P.L.1985, c. 398 (C.52:18A-200).

“Supportive housing household” means a very low-, low- or moderate-income household certified as income eligible by an administrative agent in accordance with N.J.A.C. 5:80-26.14, in which at least one member is an individual who requires supportive services to maintain housing stability and independent living and who is part of a population identified by federal or state statute, regulation, or program guidance as eligible for supportive or special needs housing. Such populations include, but are not limited to: persons with intellectual or developmental disabilities, persons with serious mental illness, person with head injuries (as defined in Section 2 of P.L. 1977), persons with physical disabilities or chronic health conditions, persons who are homeless as defined by the U.S. Department of Housing and Urban Development at 24 C.F.R. Part 578, survivors of domestic violence, youth aging out of foster care, and other special needs populations recognized under programs administered by the U.S. Department of Housing and Urban Development, the Low-Income Housing Tax Credit Program, the McKinney–Vento Act, or the New Jersey Department of Human Services. A supportive housing household may include family members, unrelated individuals, or live-in aides, provided that the household meets the income eligibility requirements of this subchapter, except that in the case of unrelated individuals not operating as a family unit, income eligibility shall be tested on an individual basis rather than in the aggregate; the unit is leased or sold subject to the affordability controls established herein; and the supportive services available to the household are designed to promote housing stability, independent living, and community integration. The determination of whether unrelated individuals are operating as a family unit shall be made based on the applicant’s self-identification of household members on the affordable housing application.

“Supportive housing sponsoring program” means grant or loan program which provided financial assistance to the development of the unit.

“Supportive housing unit” means a restricted rental unit, as defined by N.J.S.A. 34:1B-21.24, that is affordable to very low-, low- or moderate-income households and is reserved for occupancy by a supportive housing household. Supportive housing units are also referred to as permanent supportive housing units.

“Transitional housing” means temporary housing that: (1) includes, but is not limited to, single-room occupancy housing or shared living and supportive living arrangements; (2) provides access to on-site or off-site supportive services for very low-income households who have recently been homeless or lack stable housing; (3) is licensed by the department; and (4) allows households to remain for a minimum of six months.

“Treasurer” means the Treasurer of the State of New Jersey.

“UHAC” means the Uniform Housing Affordability Controls set forth at N.J.A.C. 5:80-26.

“UHORP” means the Agency’s Urban Homeownership Recovery Program, as it was authorized by the Agency Board.

“Unit type” means type of dwelling unit with various building standards including but not limited to single-family detached, single-family attached/townhouse, stacked townhouse (attached building containing 2 units each with separate entrances), duplex (detached building containing 2 units each with separate entrances), triplex (3 units each with separate entrance), quadplex (4 units each with separate entrance), multifamily / flat (2 or more units with a shared entrance). Inclusion of a garage, or not, shall not define the unit type.

“Very-low-income household” means a household with a household income less than or equal to 30 percent of the regional median income.

“Very-low-income housing” means housing affordable according to the Federal Department of Housing and Urban Development or other recognized standards for home ownership and rental costs and occupied or reserved for occupancy by households with a gross household income equal to 30 percent or less of the median gross household income for households of the same size within the housing region in which the housing is located.

“Very-low-income unit” means a restricted unit that is affordable to a very-low-income household.

“Veteran” means a veteran as defined at N.J.S.A. 54:4-8.10.

“Veterans’ preference” means the agreement between a municipality and a developer or residential development owner that allows for low- to moderate-income veterans to be given preference for up to 50 percent of rental units in relevant projects, as provided for at N.J.S.A. 52:27D-311.j.

“Weatherization” means building insulation (for attic, exterior walls and crawl space), siding to improve energy efficiency, replacement storm windows, replacement storm doors, replacement windows and replacement doors and is considered a major system for rehabilitation.

C. Monitoring and Reporting Requirements

1. The municipality shall comply with the following monitoring and reporting requirements regarding the status of the implementation of its court-approved Housing Element and Fair Share Plan:
 - a. The municipality shall provide electronic monitoring data with the Department pursuant to P.L 2024, Chapter 2 and N.J.A.C. 5:99 through the Affordable Housing Monitoring System (AHMS). All monitoring information required to be made public by the FHA shall be available to the public on the Department’s website at <https://www.nj.gov/dca/dlps/hss/MuniStatusReporting.shtml>.
 - b. On or before February 15 of each year, the municipality shall provide annual reporting of its municipal Affordable Housing Trust Fund activity to the Department on the AHMS portal. The reporting shall include an accounting of all municipal Affordable Housing Trust

Fund activity, including the sources and amounts of funds collected and the amounts and purposes for which any funds have been expended, for the previous year from January 1st to December 31st.

- c. On or before February 15 of each year, the annual reporting of the status of all affordable housing activity shall be provided to the Department on the AHMS portal, for the previous year from January 1st to December 31st.

D. Municipality-wide Mandatory Set-Aside

1. A development, other than single-family detached, providing a minimum of five new housing units created through any municipal rezoning or Zoning Board action, use or density variance, redevelopment plan, or rehabilitation plan that provides for densities at or above six units per acre, is required to include an affordable housing set-aside of 20%.
2. Any affordable units generated through such mandatory set-aside shall be subject to all other provisions of this ordinance.
3. All such affordable units shall be governed by this ordinance the controls on affordability, including bedroom distribution, and affirmatively marketed to the housing region in conformance with UHAC at N.J.A.C. 5:80-26.1 et seq., any successor regulation, and all other applicable laws.
4. No subdivision shall be permitted or approved for the purpose of avoiding compliance with this requirement. Developers cannot, for example, subdivide a project into two lots and then make each of them a number of units just below the threshold.
5. The mandatory set-aside requirements of this section do not give any developer the right to any rezoning, variance or other relief, or establish any obligation on the part of the municipality to grant such rezoning, variance or other relief.
6. This municipality-wide mandatory set-aside requirement does not apply to any sites or specific zones otherwise identified in the HEFSP, for which density and set-aside requirements shall be governed by the specific standards as set forth therein.

E. New Construction (per N.J.A.C. 5:93 as may be updated per various sections in N.J.A.C. 5:97 and N.J.S.A. 52:27D-301 et seq.). Per the definition of “New Construction,” this section governs the creation of new affordable housing units regardless of the means by which the units are created. Newly constructed units may include new residences constructed or created through other means.

1. The following requirements shall apply to all new or planned developments that contain very low-, low- and moderate-income housing units. To the extent possible, details related to the adherence to the requirements below shall be outlined in the resolution granting municipal subdivision or site plan approval of the project to assist municipal representatives, developers and Administrative Agents.
2. Completion Schedule (previously known as phasing). Final site plan or subdivision approval shall be contingent upon the affordable housing development meeting the following completion schedule for very low-, low- and moderate-income units whether developed in a single-phase development, or in a multi-phase development:

Maximum Percentage of Market-Rate Units Issued a Temporary or Final Certificate of Occupancy	Minimum Percentage of Affordable Units Issued a Temporary or Final Certificate of Occupancy
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25+1	10
50	50
75	75
90	100

3. Design. The following design requirements apply to affordable housing developments, excluding prior round units.
- a. Design of 100 percent affordable developments:
 - i. Restricted units must meet the minimum square footage required for the number of inhabitants for which the unit is marketed and the minimum square footage required for each bedroom, as set forth in the Neighborhood Preservation Balanced Housing rules at N.J.A.C. 5:43-2.4.
 - ii. Each bedroom in each restricted unit must have at least one window.
 - iii. Restricted units must include adequate air conditioning and heating.
 - b. Design of developments comprising market-rate rental units and restricted rental units. The following does not apply to prior round units, unless stated otherwise.
 - i. Restricted units must use the same building materials and architectural design elements (for example, plumbing, insulation, or siding) as market-rate units of the same unit type (for example, flat or townhome) within the same development, except that restricted units and market-rate units may use different interior finishes. This shall apply to prior round units.
 - ii. Restricted units and market-rate units within the same affordable development must be sited such that restricted units are not concentrated in less desirable locations.
 - iii. Restricted units may not be physically clustered so as to segregate restricted and market-rate units within the same development or within the same building, but must be interspersed throughout the development, except that age-restricted and supportive housing units may be physically clustered if the clustering facilitates the provision of on-site medical services or on-site social services. Prior round affordable units shall be integrated with market rate units to the extent feasible.
 - iv. Residents of restricted units must be offered the same access to communal amenities as residents of market-rate units within the same affordable development. Examples of communal amenities include, but are not limited to, community pools, fitness and recreation centers, playgrounds, common rooms and outdoor spaces, and building entrances and exits. This shall apply to prior round units.
 - v. Restricted units must include adequate air conditioning and heating and must use the same type of cooling and heating sources as market-rate units of the same unit type. This shall apply to prior round units.
 - vi. Each bedroom in each restricted unit must have at least one window.
 - vii. Restricted units must be of the same unit type as market-rate units within the same building.

- viii. Restricted units and bedrooms must be no less than 90 percent of the minimum size prescribed by the Neighborhood Preservation Balanced Housing rules at N.J.A.C. 5:43-2.4.
- c. Design of developments containing for-sale units, including those with a mix of rental and for-sale units. Restricted rental units shall meet the requirements of section b above. Restricted sale units shall comply with the below:
 - i. Restricted units must use the same building standards as market-rate units of the same unit type (for example, flat, townhome, or single-family home), except that restricted units and market-rate units may use different interior finishes. This shall apply to prior round units.
 - ii. Restricted units may be clustered, provided that the buildings or housing product types containing the restricted units are integrated throughout the development and are not concentrated in an undesirable location or in undesirable locations. Prior round affordable units shall be integrated with market rate units to the extent feasible.
 - iii. Restricted units may be of different unit housing product types than market-rate units, provided that there is a restricted option available for each market rate housing type. Developments containing market-rate duplexes, townhomes, and/or single-family homes shall offer restricted housing options that also include duplexes, townhomes, and/or single-family homes. Penthouses and higher priced end townhomes may be exempt from this requirement. The proper ratio for restricted to market-rate unit type shall be subject to municipal ordinance or, if not specified, shall be determined at the time of site plan approval.
 - iv. Restricted units must meet the minimum square footage required for the number of inhabitants for which the unit is marketed and the minimum square footage required for each bedroom, as set forth in the Neighborhood Preservation Balanced Housing rules at N.J.A.C. 5:43-2.4.
 - v. Penthouse and end units may be reserved for market-rate sale, provided that the overall number, value, and distribution of affordable units across the development is not negatively impacted by such reservation(s).
 - vi. Residents of restricted units must be offered the same access to communal amenities as residents of market-rate units within the same affordable development. Examples of communal amenities include, but are not limited to, community pools, fitness and recreation centers, playgrounds, common rooms and outdoor spaces, and building entrances and exits. This shall apply to prior round units.
 - vii. Each bedroom in each restricted unit must have at least one window; and
 - viii. Restricted units must include adequate air conditioning and heating.
- 4. Utilities.
 - a. Affordable units shall utilize the same type of cooling and heating source as market-rate units within the affordable housing development.
 - b. Tenant-paid utilities that are included in the utility allowance shall be so stated in the lease and shall be consistent with the utility allowance in accordance with N.J.AC 5:80-26.13(e).
- 5. Low/moderate split and bedroom distribution.

- a. Affordable units shall be divided equally between low- and moderate-income units, except that where there is an odd number of affordable housing units, the extra unit shall be a low-income unit.
 - b. In each affordable housing development, at least 50% of the restricted units within each bedroom distribution rounded up to the nearest whole number shall be very low- or low-income units.
 - c. Within rental developments, of the total number of affordable rental units, at least 13%, rounded up to the nearest whole number, shall be affordable to very low-income households. The very low-income units shall be distributed between each bedroom count as proportionally as possible, to the nearest whole unit, to the total number of restricted units within each bedroom count, and counted as part of the required number of low-income units within the development.
 - d. Affordable housing developments that are not age-restricted or supportive housing shall be structured such that:
 - i. At a minimum, the number of bedrooms within the restricted units equals twice the number of restricted units;
 - ii. Two-bedroom and/or three-bedroom units compose at least 50 percent of all restricted units;
 - iii. The combined number of efficiency and one-bedroom units shall be no greater than 20%, rounded up, of the total number of low- and moderate-income units.
 - iv. At least 30% of all low- and moderate-income units, rounded up shall be two-bedroom units.
 - v. At least 20% of all low- and moderate-income units, rounded up shall be three-bedroom units.
 - vi. The remaining units may be allocated among two- and three- bedroom units at the discretion of the developer.
 - e. Affordable housing developments that are age-restricted or supportive housing, except those supportive housing units whose sponsoring program determines the unit arrangements, shall be structured such that, at a minimum, the number of bedrooms shall equal the number of age-restricted or supportive housing low- and moderate-income units within the inclusionary development. Supportive housing units whose sponsoring program determines the unit arrangement shall comply with all requirements of the sponsoring program. The standard may be met by having all one-bedroom units or by having a two-bedroom unit for each efficiency unit. In affordable housing developments with 20 or more restricted units that are age-restricted or supportive housing, two-bedroom units must comprise at least 5% of those restricted units.
6. Accessibility requirements.
- a. Any new construction shall be adaptable; however, elevators shall not be required in any building or within any dwelling unit for the purpose of compliance with this section. In buildings without elevator service, only ground floor dwelling units shall be required to be constructed to conform with the technical design standards of the barrier free subcode. "Ground floor" means the first floor with a dwelling unit or portion of a dwelling unit,

regardless of whether that floor is at grade. A building may have more than one ground floor.

- b. Notwithstanding the exemption for townhouse dwelling units in the barrier free subcode, the first floor of all townhouse dwelling units and of all other multifloor dwelling units that are attached to at least one other dwelling unit shall be subject to the technical design standards of the barrier free subcode and shall include the following features:
 - i. An adaptable toilet and bathing facility on the first floor;
 - ii. An adaptable kitchen on the first floor;
 - iii. An interior accessible route of travel however an interior accessible route of travel shall not be required between stories;
 - iv. An adaptable room that can be used as a bedroom, with a door, or the casing for the installation of a door that is compliant with the Barrier Free Subcode, on the first floor;
 - v. If not all of the foregoing requirements in b.i. through b.iv. can be satisfied, then an interior accessible route of travel shall be provided between stories within an individual unit; and
 - vi. An accessible entranceway as set forth in P.L. 2005, c. 350 (N.J.S.A. 52:27D-311a et seq.) and the Barrier Free Subcode, N.J.A.C. 5:23-7, or evidence that the municipality has collected funds from the developer sufficient to make 10% of the adaptable entrances in the development accessible:
 - (a) Where a unit has been constructed with an adaptable entrance, upon the request of a disabled person who is purchasing or will reside in the dwelling unit, an accessible entrance shall be installed.
 - (b) To this end, the builder of restricted units shall deposit funds within the Affordable Housing Trust Fund sufficient to install accessible entrances in 10% of the affordable units that have been constructed with adaptable entrances.
 - (c) The funds deposited shall be expended for the sole purpose of making the adaptable entrance of an affordable unit accessible when requested to do so by a person with a disability who occupies or intends to occupy the unit and requires an accessible entrance.
 - (d) The developer of the restricted units shall submit to the Construction Official a design plan and cost estimate for the conversion from adaptable to accessible entrances.
 - (e) Once the Construction Official has determined that the design plan to convert the unit entrances from adaptable to accessible meets the requirements of the Barrier Free Subcode, N.J.A.C. 5:23-7, and that the cost estimate of such conversion is reasonable, payment shall be made to the Affordable Housing Trust Fund and earmarked appropriately.
 - vii. Full compliance with the foregoing provisions shall not be required where an entity can demonstrate that it is "site-impracticable" to meet the requirements. If full compliance with this section would be site impracticable, compliance with this section for any portion of the dwelling shall be required to the extent that it is not site impracticable. Determinations of site impracticability shall comply with the Barrier Free Subcode at N.J.A.C. 5:23-7.

F. Affordable Housing Programs

1. Pursuant to amended UHAC regulations at N.J.A.C. 5:80-26.1 et seq. and, in addition, pursuant to P.L. 2024, c.2 and specifically to the amended FHA at N.J.S.A. 52:27D-311.m, “All parties shall be entitled to rely upon regulations on municipal credits, adjustments, and compliance mechanisms adopted by the Council on Affordable Housing unless those regulations are contradicted by statute, including but not limited to P.L. 2024, c.2, or binding court decisions.” The following are many of the main provisions of the COAH regulations at either N.J.A.C. 5:93 or 5:97 that have been upheld by the NJ Supreme Court. Municipalities should consult the cited full COAH regulations when preparing the HEFSP for required documentation, etc. Additional compliance details may also be included in the specific municipal program manual.
2. Rehabilitation Programs (per N.J.A.C. 5:93-5.2 with updated provisions herein per N.J.A.C. 5:97-6.2 related to credit towards a municipal present need obligation).
 - a. The rehabilitation program shall be designed to renovate deficient housing units occupied or intended to be occupied by very low-, low- and moderate-income households such that, after rehabilitation, these units will comply with the New Jersey State Housing Code pursuant to N.J.A.C. 5:28-1.1 et seq or the Rehabilitation Subcode, N.J.A.C. 5:23-6 to the extent applicable.
 - b. Both ownership and rental units shall be eligible for rehabilitation funds.
 - c. All rehabilitated units shall remain affordable to very low-, low- and moderate-income households for a period of 10 years (the control period). For owner-occupied units, the control period shall be enforced with a mortgage and note and for renter-occupied units the control period will be enforced with a deed restriction.
 - d. The municipality shall dedicate a minimum average hard cost of \$10,000 for each unit to be rehabilitated through this program and in addition shall dedicate associated rehabilitation program soft costs such as case management, inspection fees and work write-ups.
 - e. The municipality shall designate, subject to the approval of the Department, one or more Administrative Agents to administer the rehabilitation program in accordance with P.L. 2024, Chapter 2. The Administrative Agent(s) shall provide rehabilitation manuals for ownership and rental rehabilitation programs. Manuals shall be adopted by resolution of the governing body. Both rehabilitation manuals shall be available for public inspection in the Office of the Municipal Clerk and on the municipal affordable housing web page.
 - f. Households determined to be very low-, low-, or moderate-income may participate in a rehabilitation program. Rehabilitated units shall be exempt from the very low-income requirements, low/mod split, and bedroom distribution requirements of UHAC, but shall be administered in accordance with the following:
 - i. If a unit is vacant at the time of rehabilitation, or if a rehabilitated unit becomes vacant and is re-rented before the expiration of the affordability controls, the deed restriction shall require that the unit be rented to a low- or moderate-income household at an affordable rent.
 - ii. If a rental unit is occupied by a tenant at the time rehabilitation is completed, the rent charged after rehabilitation shall not exceed the lesser of the tenant’s current rent or the maximum rent permitted under UHAC.
 - iii. Rents in rehabilitated units may increase annually based on the standards in UHAC.

- iv. At the time of application, applicant households and/or tenant households shall be subject to income eligibility determinations in accordance with UHAC.
3. Accessory Apartment program (per N.J.A.C. 5:93-5.9 as may be updated per various sections in N.J.A.C. 5:97-6.8).
 - a. An accessory apartment program shall provide low- and moderate-income units or may be limited to only low- or only moderate-income units .
 - b. Per N.J.A.C. 5:97-6.8(c)1, at the time of initial occupancy of the unit and for at least ten years thereafter, the accessory apartment shall be rented only to income eligible households consistent with the income category and rent structure of the unit.
 - c. Rents of accessory apartments shall be established using the same methodology of affordable rental units discussed herein.
 - d. 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 for the duration of the control period.
 - e. The municipal accessory apartment program shall not restrict the number of bedrooms in any accessory apartment.
 - f. Per N.J.A.C. 5:97-6.8(b)2, the municipality shall provide a minimum of \$25,000 per unit to subsidize the creation of each low-income accessory apartment or \$20,000 per unit to subsidize the creation of each moderate-income accessory apartment. Subsidy may be used to fund actual construction costs and/or to provide compensation for reduced rental rates.
 4. Market to Affordable program (per N.J.A.C. 5:97-6.9).
 - a. The market to affordable program permits the purchase or subsidization of unrestricted units through a mortgage write-down provided to an income-certified buyer or through a sale or rental as a low- or moderate-income unit to an income-eligible household. The market to affordable program may produce both low- and moderate-income units.
 - b. At the time they are offered for sale or rental, eligible units may be new, pre-owned or vacant.
 - c. The units shall be certified to be in sound condition as a result of an inspection performed by a licensed building inspector.
 - d. A minimum subsidy of \$25,000 per moderate-income unit and/or \$30,000 per low-income unit shall be provided, with additional subsidy depending on the market prices or rents in a municipality.
 - e. The units shall comply with UHAC with the following exceptions:
 - i. Bedroom distribution (N.J.A.C. 5:80-26.4).
 - ii. Low/moderate income split (N.J.A.C. 5:80-26.4).
 - f. Affordability average (N.J.A.C. 5:80-26.4); however:
 - i. The maximum rent for a moderate-income unit shall be affordable to households earning no more than 60 percent of median income and the maximum rent for a low-income unit shall be affordable to households earning no more than 44 percent of median income; and

- ii. The maximum sales price for a moderate-income unit shall be affordable to households earning no more than 70 percent of median income and the maximum sales price for a low-income unit shall be affordable to households earning no more than 40 percent of median income.
- 5. Extension of Controls Program (for ownership units per N.J.A.C. 5:97-6.14 and UHAC at N.J.A.C. 5:80-26.6(h) through (k) and (m); and for rental units per N.J.A.C. 5:97-6.14 and N.J.A.C. 5:80-26.12(h) through (k)).
 - a. An extension of affordability controls program is established to maintain and extend the affordability of deed restricted units scheduled to come out of their affordability control period, subject to N.J.A.C. 5:97-6.14 and UHAC, including the following:
 - i. The affordable unit meets the criteria for prior cycle (April 1, 1980 - December 15, 1986) or post December 15, 1986 credits set forth in N.J.A.C. 5:97.
 - ii. The affordability controls for the unit are scheduled to expire in the current round; or in the next round of housing obligations if the municipal election to extend controls is made no earlier than one year before the end of the current round;
 - iii. The municipality shall obtain a continuing certificate of occupancy or a certified statement from the municipal building inspector stating that the restricted unit meets all code standards.
 - iv. If a unit requires repair and/or rehabilitation work in order to receive a continuing certificate of occupancy or certified statement from the municipal building inspector, the municipality shall fund and complete the work.
 - v. The municipality shall adhere to the process for extending controls pursuant to UHAC for extending ownership units and rental units, either inclusionary or 100% affordable developments.
 - vi. The deed restriction for the extended control period shall be filed with the County Clerk.
- 6. Assisted Living Residence (per N.J.A.C. 5:97-6.11).
 - a. An assisted living residence is a facility licensed by the New Jersey Department of Health to provide apartment-style housing and congregate dining and to assure that assisted living services are available. All or a designated number of apartments in the facility shall be restricted to low- and moderate-income households.
 - b. The unit of credit shall be the apartment. However, a two-bedroom apartment shall be eligible for two units of credit if it is restricted to two unrelated individuals.
 - c. A recipient of a Medicaid waiver shall automatically qualify as a low- or moderate-income household.
 - d. Assisted living units are considered age-restricted housing in a HEFSP and shall be included with the maximum number of units that may be age-restricted.
 - e. Low- and moderate-income residents cannot be charged any upfront fees.
 - f. The units shall comply with UHAC with the following exceptions:
 - i. Affirmative marketing (N.J.A.C. 5:80-26.16); provided that the units are restricted to recipients of Medicaid waivers;

- ii. The deed restriction may be on the facility, rather than individual apartments or rooms;
 - iii. Low/moderate income split and affordability average (N.J.A.C. 5:80-26.4); only if all of the affordable units are affordable to households at a maximum of 60 percent of median income; and
 - g. Tenant income eligibility (N.J.A.C. 5:80-26.14); up to 80 percent of an applicant's gross income may be used for rent, food and services based on occupancy type and the affordable unit must receive the same basic services as required by the Agency's underwriting guidelines and financing policies. The cost of non-housing related services shall not exceed one and two-thirds times the rent established for each unit.
7. Supportive Housing and Group Homes (per N.J.A.C. 5:97-6.10).
- a. The following provisions shall apply to group homes, residential health care facilities, and supportive shared living housing:
 - i. Units are subject to Affirmative Marketing requirements, household certification, and administrative agent oversight; and may, with the approval of the municipal housing liaison and the administrative agent, be leased either by the bedroom or to a single household in the case of multi-bedroom configurations, provided such arrangement is consistent with the Federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968).
 - ii. Units may, with the approval of the administrative agent, be subject to a master lease by an approved supportive housing operator, provided that all subleases are to be certified supportive housing households and remain fully subject to the affordability controls of this subchapter. Rents for supportive housing units shall not exceed the rent standards established and published by the New Jersey Department of Human Services.
 - iii. The unit of credit shall be the bedroom. However, the unit of credit shall be the unit if occupied by a single person or household.
 - iv. Housing that is age-restricted shall be included with the maximum number of units that may be age-restricted pursuant to the Act.
 - v. Occupancy shall not be restricted to youth under 18 years of age.
 - vi. In affordable developments with 20 or more restricted units that are supportive housing, two-bedroom units must compose at least five percent of those restricted units.
 - vii. The bedrooms and/or units shall comply with UHAC with the following exceptions:
 - (a) Affirmative marketing; however, group homes, residential health care facilities, permanent supportive housing, and supportive shared living housing shall be affirmatively marketed to broadest possible population of qualified individuals with special needs in accordance with a plan approved by the sponsoring program;
 - (b) Affordability average and bedroom distribution (N.J.A.C. 5:80-26.4).
 - viii. With the exception of units established with capital funding through a 20-year operating contract with the Department of Human Services, Division of Developmental Disabilities, group homes, residential health care facilities, supportive shared living housing and permanent supportive housing shall have the appropriate controls on affordability in accordance with the Act. In the event that a supportive housing provider is unable to record or execute a long-term deed restriction, the units shall be subject to

annual recertification by the Municipal Housing Liaison to confirm continued occupancy and compliance with this Section.

- ix. Objective standards shall be applied in the selection of tenants for supportive housing units and shall be designed to ensure that individuals are not excluded in an arbitrary or capricious manner.
- x. The following documentation shall be submitted by the sponsor to the municipality prior to marketing the completed units or facility:
 - (a) An Affirmative Marketing Plan in accordance with D1 above; and
 - (b) If applicable, proof that the supportive and/or special needs housing is regulated by the New Jersey Department of Health and Senior Services, the New Jersey Department of Human Services or another State agency in accordance with the requirements of this section, which includes validation of the number of bedrooms or units in which low- or moderate-income occupants reside.
- xi. The sponsor/owner shall complete annual monitoring as directed by the MHL.

G. Regional Income Limits.

1. Administrative agents shall use the current regional income limits for the purpose of pricing affordable units and determining income eligibility of households.
2. Regional income limits are based on regional median income, which is established by a regional weighted average of the “median family incomes” published by HUD. The procedure for computing the regional median income is detailed in N.J.A.C. 5:80-26.3.
3. Updated regional income limits are effective as of the effective date of the regional Section 8 income limits for the year, as published by HUD, or 45 days after HUD publishes the regional Section 8 income limits for the year, whichever comes later. The new income limits may not be less than those of the previous year.

H. Maximum Initial Rents And Sales Prices.

1. In establishing rents and sales prices of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC N.J.A.C. 5:80-26.4.
2. The average rent for all restricted units within each affordable housing development shall be affordable to households earning no more than 52 percent of regional median income.
3. The maximum rent for restricted rental units within each affordable housing development shall be affordable to households earning no more than 60% of regional median income.
4. The developers and/or municipal sponsors of restricted rental units shall establish at least one rent for each bedroom type for both low-income and moderate-income units, provided that at least 13% of all low- and moderate-income rental units shall be affordable to households earning no more than 30% of median income. These very low-income units shall be part of the low-income requirement and very-low-income units should be distributed between each bedroom count as proportionally as possible, to the nearest whole unit, to the total number of restricted units within each bedroom count.
5. The maximum sales price of restricted ownership units within each affordable housing development shall be affordable to households earning no more than 70% of median income, and each affordable housing development must achieve an affordability average that does not exceed 55% for all restricted ownership units. In achieving this affordability average,

moderate-income ownership units must be available for at least three different prices for each bedroom type, and low-income ownership units must be available for at least two different prices for each bedroom type when the number of low- and moderate-income units permits.

6. The master deeds and declarations of covenants and restrictions for affordable developments may not distinguish between restricted units and market-rate units in the calculation of any condominium or homeowner association fees and special assessments to be paid by low- and moderate-income purchasers and those to be paid by market-rate purchasers. Notwithstanding the foregoing sentence, condominium units subject to a municipal ordinance adopted before December 20, 2004, which ordinance provides for condominium or homeowner association fees and/or assessments different from those provided for in this subsection are governed by the ordinance.
7. In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted family units, the following standards shall be met:
 - a. A studio or efficiency unit shall be affordable to a one-person household;
 - b. A one-bedroom unit shall be affordable to a one and one-half person household;
 - c. A two-bedroom unit shall be affordable to a three-person household;
 - d. A three-bedroom unit shall be affordable to a four and one-half person household; and
 - e. A four-bedroom unit shall be affordable to a six-person household.
8. In determining the initial rents and sales prices for compliance with the affordability average requirements for restricted units in assisted living facilities and age-restricted and special needs and supportive housing developments, the following standards shall be met:
 - a. A studio or efficiency unit shall be affordable to a one-person household;
 - b. A one-bedroom unit shall be affordable to a one and one-half person household; and
 - c. A two-bedroom unit shall be affordable to a two-person household or to two one-person households. Where pricing is based on two one-person households, the developer shall provide a list of units so priced to the Municipal Housing Liaison and the Administrative Agent.
9. The initial purchase price for all restricted ownership units shall be calculated so that the monthly carrying cost of the unit, including principal and interest (based on a mortgage loan equal to 95 percent of the purchase price and the FreddieMac 30-Year Fixed Rate-Mortgage rate of interest), property taxes, homeowner and private mortgage insurance and condominium or homeowner association fees do not exceed 30 percent of the eligible monthly income of the appropriate size household as determined pursuant to N.J.A.C. 5:80-26.7, as may be amended and supplemented; provided, however, that the price shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.4, as may be amended and supplemented.
10. The initial rent for a restricted rental unit shall be calculated so that the total monthly housing expense, including an allowance for tenant-paid utilities, does not exceed 30 percent of the gross monthly income of a household of the appropriate size whose income is targeted to the applicable percentage of median income for the unit, as determined pursuant to N.J.A.C. 5:80-26.3, as may be amended and supplemented. The rent shall also comply with the affordability average requirement of N.J.A.C. 5:80-26.4, as may be amended and supplemented. The initial rent for a restricted rental unit shall be calculated so the eligible monthly housing expenses/income, including an allowance for tenant-paid utilities does not exceed 30 percent

of gross income of and the appropriate household size as determined pursuant to N.J.A.C. 5:80-26.3, as may be amended and supplemented.

11. At the anniversary date of the tenancy of the certified household occupying a restricted rental unit, following proper notice provided to the occupant household pursuant to N.J.S.A. 2A:18-61.1.f, the rent may be increased to an amount commensurate with the annual percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U), specifically U.S. Bureau of Labor Statistics Series CUUR0100SAH, titled "Housing in Northeast urban, all urban consumers, not seasonally adjusted." Rent increases for units constructed pursuant to Low-Income Housing Tax Credit regulations shall be indexed pursuant to the regulations governing Low-Income Housing Tax Credits.

I. Affirmative Marketing.

1. The municipality shall adopt, by resolution, an Affirmative Marketing Plan, subject to approval of the Superior Court, compliant with N.J.A.C. 5:80-26.16, as may be amended and supplemented.
2. The Affirmative Marketing Plan is a regional marketing strategy designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age, or number of children, to housing units which are being marketed by a developer, sponsor or owner of affordable housing. The Affirmative Marketing Plan is intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs all marketing activities toward Housing Region 3 and is required to be followed throughout the period of deed restriction.
3. The Affirmative Marketing Plan provides the following preferences, provided that units that remain unoccupied after these preferences are exhausted may be offered to households without regard to these preferences.
 - a. Where the municipality has entered into an agreement with a developer or residential development owner to provide a preference for very-low-, low-, and moderate-income veterans who served in time of war or other emergency, pursuant to N.J.S.A. 52:27D-311.j, there shall be a preference for veterans for up to 50 percent of the restricted rental units in a particular project.
 - b. There shall be a regional preference for all households that live and/or work in Housing Region 3 comprising Somerset, Hunterdon, and Middlesex Counties.
 - c. Subordinate to the regional preference, there shall be a preference for households that live and/or work in New Jersey.
 - d. With respect to existing restricted units undergoing approved rehabilitation for the purpose of preservation or to restricted units newly created to replace existing restricted units undergoing demolition, a preference for the very-low-, low-, and moderate-income households that are displaced by the rehabilitation or demolition and replacement.
4. The municipality has the ultimate responsibility for adopting the Affirmative Marketing Plan and for the proper administration of the Affirmative Marketing Process, including the marketing of initial sales and rentals and resales and re-rentals. The Administrative Agent designated by the municipality shall implement the Affirmative Marketing Process to ensure the Affirmative Marketing of all affordable units, with the exception of affordable programs that are exempt from Affirmative Marketing as noted herein.

5. The Affirmative Marketing Process shall describe the media to be used in advertising and publicizing the availability of housing. In implementing the Affirmative Marketing Process, the Administrative Agent shall consider the use of language translations where appropriate.
6. Applications for affordable housing or notices thereof, if offered online, shall be available in several locations, including, at a minimum, the County Administration Building and/or the County Library for each county within the housing region; the municipal administration building and municipal library in the municipality in which the units are located; and the developer's rental or sales office. The developer shall mail applications to prospective applicants upon request and shall make applications available through a secure online website address.
7. In addition to other Affirmative Marketing strategies, the Administrative Agent shall provide specific notice of the availability of affordable housing units on the New Jersey Housing Resource Center website. Any other entities, including developers or persons or companies retained to implement the Affirmative Marketing Process, shall comply with this paragraph.
8. In implementing the Affirmative Marketing Process, the Administrative Agent shall provide a list of counseling services to low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.
9. The Affirmative Marketing Process for available affordable units shall begin at least four months (120 days) prior to the expected date of occupancy.
10. The cost to affirmatively market the affordable units shall be the responsibility of the developer, sponsor or owner, with the exception of Affirmative Marketing for resales.

J. Selection of Occupants of Affordable Housing Units.

1. The Administrative Agent shall use a random selection process to select occupants of very low-, low- and moderate-income housing.
2. A pool of interested households will be maintained in accordance with the provisions of N.J.A.C. 5:80-26.16.

K. Occupancy Standards.

1. In referring certified households to specific restricted units, to the extent feasible, and without causing an undue delay in occupying the unit, the Administrative Agent shall strive to:
 - a. Ensure each bedroom is occupied by at least one person, except for age-restricted and supportive and special needs housing units;
 - b. Provide a bedroom for every two adult occupants;
 - c. With regard to occupants under the age of 18, accommodate the household's requested arrangement, except that such arrangement may not result in more than two occupants under the age of 18 occupying any bedroom; and
 - d. Avoid placing a one-person household into a unit with more than one bedroom.

L. Control Periods for Restricted Ownership Units and Enforcement Mechanisms.

1. Control periods for restricted ownership units shall be in accordance with N.J.A.C. 5:80- 26.6, as may be amended and supplemented, and each restricted ownership unit shall remain subject

to the controls on affordability for a period of at least 30 years subject to the requirements of N.J.A.C. 5:80-26.6, as may be amended and supplemented.

2. Rehabilitated housing units that are improved to code standards shall be subject to affordability controls for a period of not less than 10 years (crediting towards present need only).
3. The affordability control period for a restricted ownership unit shall commence on the date the initial certified household takes title to the unit. The date of commencement shall be identified in the deed restriction.
4. If existing affordability controls are being extended, the extended control period for a restricted ownership unit commences on the effective date of the extension, which is the end of the original control period.
5. After the end of any control period, the restricted ownership unit remains subject to the affordability controls set forth in this subchapter until the owner gives notice of their intent to make an exit sale, at which point:
 - a. If the municipality exercises the right to extend the affordability controls on the unit, no exit sale occurs and a new control period commences; or
 - b. If the municipality does not exercise the right to extend the affordability controls on the unit, the affordability controls terminate following the exit sale.
6. Prior to the issuance of any building permit for the construction/rehabilitation of restricted ownership units, the developer/owner and the municipality shall record a preliminary instrument provided by the Administrative Agent.
7. Prior to the issuance of the initial certificate of occupancy for a restricted ownership unit and upon each successive sale during the period of restricted ownership, the Administrative Agent shall determine the restricted price for the unit and shall also determine the nonrestricted, fair market value of the unit based on either an appraisal or the unit's equalized assessed value without the restrictions in place.
8. At the time of the initial sale of the unit and upon each successive price-restricted sale, the initial purchaser shall execute and deliver to the Administrative Agent a recapture note obliging the purchaser, as well as the purchaser's heirs, successors, and assigns, to repay, upon the first non-exempt sale after the unit's release from the restrictions set forth in this Ordinance, an amount equal to the difference between the unit's non-restricted fair market value and its restricted price, and the recapture note shall be secured by a recapture lien evidenced by a duly recorded mortgage on the unit.
9. The affordability controls set forth in this Ordinance shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to price-restricted ownership units.

M. Price Restrictions for Restricted Ownership Units and Resale Prices.

1. Price restrictions for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.7, as may be amended and supplemented, including:
 - a. The initial purchase price and affordability percentage for a restricted ownership unit shall be set by the Administrative Agent.
 - b. The Administrative Agent shall approve all resale prices, in writing and in advance of the resale, to assure compliance with the standards set forth in N.J.A.C 5:80-26.7.

- i. If the resale occurs prior to the one-year anniversary of the date on which title to the unit was transferred to a certified household, the maximum resale price for a is the most recent non-exempt purchase price.
 - ii. If the resale occurs on or after such anniversary date, the maximum resale price is the most recent non-exempt purchase price increased to reflect the cumulative annual percentage increases to the regional median income, effective as of the same date as the regional median income calculated pursuant to N.J.A.C. 5:80-26.3
 - c. The owners of restricted ownership units may apply to the Administrative Agent to increase the maximum sales price for the unit on the basis of anticipated capital improvements. Eligible capital improvements shall be:
 - i. those that render the unit suitable for a larger household or the addition of a bathroom.
 - ii. The maximum resale price may be further increased by an amount up to the cumulative dollar value of approved capital improvements made after the last non-exempt sale for improvements and/or upgrades to the unit, excluding capital improvements paid for by the entity favored on the recapture note and recapture lien described at N.J.A.C. 5:80-26.6(d);
 - d. No increase for capital improvements is permitted if the maximum resale price prior to adjusting for capital improvements already exceeds whatever initial purchase price the unit would have if it were being offered for purchase for the first time at the initial affordability percentage. All adjustments for capital improvements are subject to 10-year, straight-line depreciation.
2. Upon the resale of a restricted ownership unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (for example, refrigerator, range, washer, dryer, dishwasher, wall-to-wall carpeting) shall be included in the maximum allowable resale price. Other items may be sold to the purchaser at a reasonable price that has been approved by the Administrative Agent at the time of the signing of the agreement to purchase but shall be separate and apart from any contract of sale for the underlying real estate. The purchase of central air conditioning installed subsequent to the initial sale of the unit and not included in the base price may be made a condition of the unit resale provided the price of the air conditioning equipment, which shall be subject to 10-year, straight-line depreciation, has been approved by the Administrative Agent. Unless otherwise approved by the Administrative Agent, the purchase of any property other than central air conditioning shall not be made a condition of the unit resale. The seller and the purchaser must personally certify at the time of closing that no unapproved transfer of funds for the purpose of selling and receiving property has taken place at the time of or as a condition of resale.

N. Buyer Income Eligibility.

1. Buyer income eligibility for restricted ownership units shall be established pursuant to N.J.A.C. 5:80-26.17, as may be amended and supplemented, such that very low-income ownership units shall be reserved for occupancy by households with a gross household income less than or equal to 30% of median income, low-income ownership units shall be reserved for occupancy by households with a gross household income less than or equal to 50% of median income and moderate-income ownership units shall be reserved for occupancy by households with a gross household income less than 80% of median income.

2. Notwithstanding the foregoing, the Administrative Agent may, upon approval by the municipality, and subject to the Division's approval, permit a moderate-income purchaser to buy a low-income unit if and only if the Administrative Agent can demonstrate that there is an insufficient number of eligible low-income purchasers in the housing region to permit prompt occupancy of the unit and all other reasonable efforts to attract a low-income purchaser, including pricing and financing incentives, have failed. Any such low-income unit that is sold to a moderate-income household shall retain the required pricing and pricing restrictions for a low-income unit. Similarly, the administrative agent may permit low-income purchasers to buy very-low-income units in housing markets where, as determined by the Division, units are reserved for very-low-income purchasers, but there is an insufficient number of very-low-income purchasers to permit prompt occupancy of the units. In such instances, the purchased unit must be maintained as a very-low-income unit and sold at a very-low-income price point such that on the next resale the unit will still be affordable to very-low-income households and able to be purchased by a very-low-income household. A very-low-income unit that is seeking bonus credit pursuant to N.J.S.A. 52:27D-311.k(9) must first be advertised exclusively as a very-low-income unit according to the Affirmative Marketing requirements at N.J.A.C. 5:80-26.16, then advertised as a very-low-income or low-income unit for at least 30 additional days prior to referring any low-income household to the unit.
 3. A certified household that purchases a restricted ownership unit must occupy it as the certified household's principal residence and shall not lease the unit; provided, however, that the Administrative Agent may permit the owner of a restricted ownership unit, upon application and a showing of hardship, to lease the restricted unit to another certified household for a period not to exceed one year.
 4. The Administrative Agent shall certify a household as eligible for a restricted ownership unit when the household is a low-income household or a moderate-income household, as applicable to the unit, and the estimated monthly housing cost for the particular unit (including principal, interest, property taxes, homeowner and private mortgage insurance and condominium or homeowner association fees, as applicable) does not exceed 35 percent of the household's eligible monthly income; provided, however, that this limit may be exceeded if one or more of the following circumstances exists:
 - a. The household currently pays more than 35% (40% for households eligible for age-restricted units) of its gross household income for housing expenses, and the proposed housing expenses will reduce its housing costs;
 - b. The household has consistently paid more than 35% (40% for households eligible for age-restricted units) of eligible monthly income for housing expenses in the past and has proven its ability to pay; or
 - c. The household is currently in substandard or overcrowded living conditions;
 - d. The household documents the existence of assets, within the asset limitation otherwise applicable, with which the household proposes to supplement the rent payments
- O. Limitations on Indebtedness Secured by Ownership Unit; Subordination.
1. Prior to incurring any indebtedness to be secured by a restricted ownership unit, the owner shall apply to the Administrative Agent for a determination in writing that the proposed indebtedness complies with the provisions of this Section, and the Administrative Agent shall issue such determination prior to the owner incurring such indebtedness.

2. With the exception of original purchase money mortgages, neither an owner nor a lender shall at any time during the control period cause or permit the total indebtedness secured by a restricted ownership unit to exceed 95% of the maximum allowable resale price of that unit, as such price is determined by the Administrative Agent in accordance with N.J.A.C. 5:80-26.7(c).

P. Control Periods for Restricted Rental Units.

1. Control periods for units that meet the definition of prior round units shall be pursuant to the 2001 UHAC rules originally adopted October 1, 2001, 33 N.J.R. 3432, and amended December 20, 2004, 36 N.J.R. 5713 and shall remain subject to the requirements of this ordinance for a period of at least 30 years as applicable unless otherwise indicated.
2. Other than for prior round units, control periods for restricted rental units shall be in accordance with N.J.A.C. 5:80-26.12, as may be amended and supplemented, and each restricted rental unit shall remain subject to the requirements of this Ordinance for a period of at least 40 years. Restricted rental units created as part of developments receiving 9% Low-Income Housing Tax Credits must comply with a control period of not less than a 30-year compliance period plus a 15-year extended use period for a total of 45 years.
3. The affordability control period for a restricted rental unit shall commence on the first date that a unit is issued a certificate of occupancy following the execution of the deed restriction or, if affordability controls are being extended, on the effective date of the extension, which is the end of the original control period.
4. Rehabilitated renter-occupied housing units that are improved to code standards shall be subject to affordability controls for a period of not less than 10 years.
5. Prior to the issuance of any building permit for the construction/rehabilitation of restricted rental units, the developer/owner and the municipality shall record a preliminary instrument provided by the Administrative Agent.
6. Deeds of all real property that include restricted rental units shall contain deed restriction language. The deed restriction shall have priority over all mortgages on the property. The deed restriction shall be recorded by the developer with the county records office, and provided as filed and recorded, to the Administrative Agent within 30 days of the receipt of a certificate of occupancy.
7. A restricted rental unit shall remain subject to the affordability controls of this Ordinance despite the occurrence of any of the following events:
 - a. Sublease or assignment of the lease of the unit;
 - b. Sale or other voluntary transfer of the ownership of the unit;
 - c. The entry and enforcement of any judgment of foreclosure on the property containing the unit; or
 - d. The end of the control period, until the occupant household vacates the unit, or is certified as over-income and the controls are released in accordance with UHAC.

Q. Rent Restrictions for Rental Units; Leases and Fees.

1. The initial rent for a restricted rental unit shall be set by the Administrative Agent.
2. A written lease shall be required for all restricted rental units, except for units in an assisted living residence, and tenants shall be responsible for security deposits and the full amount of

the rent as stated on the lease. A copy of the current lease for each restricted rental unit shall be retained on file by the Administrative Agent.

3. No additional fees, operating costs, or charges shall be added to the approved rent (except, in the case of units in an assisted living residence, to cover the customary charges for food and services) without the express written approval of the Administrative Agent.
 - a. Operating costs, for the purposes of this section, include certificate of occupancy fees, move-in fees, move-out fees, mandatory internet fees, mandatory cable fees, mandatory utility submetering fees, and for developments with more than one and a half off-street parking spaces per unit, parking fees for one parking space per household.
4. Any fee structure that would remove or limit affordable unit occupant access to any amenities or services that are required or included for market-rate unit occupants is prohibited. Application fees (including the charge for any credit check) shall not exceed 5% of the monthly rent of the applicable restricted unit to be applied to the costs of administering the controls applicable to the unit as set forth in this Ordinance.
5. Fees for unit-specific, non-communal items that are charged to market-rate unit tenants on an optional basis, such as pet fees for tenants with pets, storage spaces, bicycle-share programs, or one-time rentals of party or media rooms, may also be charged to affordable unit tenants, if applicable.
6. Pet fees may not exceed \$30.00 per month and associated one-time payments for optional fees pertaining to pets, such as a pet cleaning fee, are prohibited.
7. Fees charged to affordable unit tenants for other optional, unit-specific, non-communal items shall not exceed the amounts charged to market-rate tenants.
8. For any prior round rental unit leased before December 20, 2024, elements of the existing fee structure that are consistent with prior rules, but inconsistent with 5:80-26.13(c)1, may continue until the occupant household's current lease term expires or that occupant household vacates the unit, whichever occurs later.

R. Tenant Income Eligibility.

1. Tenant income eligibility shall be determined pursuant to N.J.A.C. 5:80-26.14, as may be amended and supplemented, and shall be determined as follows:
 - a. Very low-income rental units shall be reserved for households with a gross household income less than or equal to 30% of the regional median income by household size.
 - b. Low-income rental units shall be reserved for households with a gross household income less than or equal to 50% of the regional median income by household size.
 - c. Moderate-income rental units shall be reserved for households with a gross household income less than 80% of the regional median income by household size.
2. The Administrative Agent shall certify a household as eligible for a restricted rental unit when the household is a very low-income, low-income or moderate-income household, as applicable to the unit, and the rent proposed for the unit does not exceed 35% (40% for age-restricted units) of the household's eligible monthly income as determined pursuant to N.J.A.C. 5:80-26.17, as may be amended and supplemented; provided, however, that this limit may be exceeded if one or more of the following circumstances exists:

- a. The household currently pays more than 35% (40% for households eligible for age-restricted units) of its gross household income for rent, and the proposed rent will reduce its housing costs;
 - b. The household has consistently paid more than 35% (40% for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;
 - c. The household is currently in substandard or overcrowded living conditions;
 - d. The household documents the existence of assets with which the household proposes to supplement the rent payments; or
 - e. The household documents reliable anticipated third-party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the owner of the unit.
3. The applicant shall file documentation sufficient to establish the existence of any of the circumstances in 2.a. through 2.e. above with the Administrative Agent, who shall counsel the household on budgeting.
- S. Municipal Housing Liaison.
1. The Municipal Housing Liaison shall be approved by municipal resolution.
 2. The Municipal Housing Liaison shall be approved by the Division, or is in the process of getting approval, and fully or conditionally meets the requirements for qualifications, including initial and periodic training as set forth in in N.J.A.C. 5:99-1 et seq.
 3. The Municipal Housing Liaison shall be responsible for oversight and administration of the affordable housing program, including the following responsibilities, which may not be contracted out to the Administrative Agent:
 - a. Serving as the primary point of contact for all inquiries from the Affordable Housing Dispute Resolution Program, the State, affordable housing providers, administrative agents and interested households.
 - b. The oversight of the Affirmative Marketing Plan and affordability controls.
 - c. When applicable, overseeing and monitoring any contracting Administrative Agent.
 - d. Overseeing the monitoring of the status of all restricted units listed in the Fair Share Plan.
 - e. Verifying, certifying and providing annual information within AHMS at such time and in such form as required by the Division.
 - f. Coordinating meetings with affordable housing providers and administrative agents, as needed.
 - g. Attending continuing education opportunities on affordability controls, compliance monitoring, and affirmative marketing as offered or approved by the Division.
 - h. Overseeing the recording of a preliminary instrument in the form set forth at N.J.A.C. 5:80-26.1 for each affordable housing development.
 - i. Coordinating with the Administrative Agent, municipal attorney and municipal Construction Code Official to ensure that permits are not issued unless the document required in C.8. above has been duly recorded.

- j. Listing on the municipal website contact information for the MHL and Administrative Agents.

T. Administrative Agent.

1. All municipalities that have created or will create affordable housing programs and/or affordable units shall designate or approve, for each project within its HEFSP, an administrative agent to administer the affordable housing program and/or affordable housing units in accordance with the requirements of the FHA, NJAC 5:99-1 et seq. and UHAC.
2. The fees for administrative agents shall be paid as follows:
 - a. Administrative agent fees related to rental units shall be paid by the developer/owner.
 - b. Administrative agent fees related to initial sale of units shall be paid by the developer.
 - c. Administrative agent fees related to resales shall be paid by the seller of the affordable home. Single-family homeowners and condominium homeowners shall be required to pay 3% of the sales price for services provided by the administrative agent related to the resale of their homes. That fee shall be collected at closing and paid directly to the administrative agent.
 - d. Administrative agent fees related to ongoing administration and enforcement shall be paid by the municipality.
3. An Operating Manual for each affordable housing program shall be provided by the Administrative Agent(s). The Operating Manual(s) shall be available for public inspection in the Office of the Clerk and in the office(s) of the Administrative Agent(s). Operating manuals shall be adopted by resolution of the Governing Body.
4. Subject to the role of the Administrative Agent(s), the duties and responsibilities as are set forth in N.J.A.C. 5:99-7 and which are described in full detail in the Operating Manual, including those set forth in UHAC, include:
 - a. Attending continuing education opportunities on affordability controls, compliance monitoring, and affirmative marketing as offered or approved by the Division;
 - b. Affirmative marketing:
 - i. Conducting an outreach process to affirmatively market affordable housing units in accordance with the Affirmative Marketing Plan of the municipality and the provisions of N.J.A.C. 5:80-26.16.
 - ii. Providing counseling, or contracting to provide counseling services, to low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements; and landlord/tenant law.
 - c. Household certification.
 - i. Soliciting, scheduling, conducting and following up on interviews with interested households.
 - ii. Conducting interviews and obtaining sufficient documentation of gross income and assets upon which to base a determination of income eligibility for a low- or moderate-income unit;
 - iii. Providing written notification to each applicant as to the determination of eligibility or non-eligibility within 5 days of the determination thereof.

- iv. Requiring that all certified applicants for restricted units execute a certificate substantially in the form, as applicable, of either the ownership or rental certificates set forth in the Appendices J and K of N.J.A.C. 5:80-26.1 et seq.
 - v. Creating and maintaining a referral list of eligible applicant households living in the housing region, and eligible applicant households with members working in the housing region, where the units are located.
 - vi. Employing a random selection process as provided in the Affirmative Marketing Plan when referring households for certification to affordable units.
- d. Affordability controls.
- i. Furnishing to attorneys or closing agents forms of deed restrictions and mortgages for the recording at the time of conveyance of title of each restricted unit.
 - ii. Ensuring that the removal of the deed restrictions and cancellation of the mortgage note are effectuated and filed properly with the County Register of Deeds or County Clerk's office after the termination of the affordability controls for each restricted unit in accordance with UHAC.
 - iii. Communicating with lenders and the Municipal Housing Liaison regarding foreclosures.
 - iv. Ensuring the issuance of Continuing Certificates of Occupancy or certifications pursuant to N.J.A.C. 5:80-26.11.
- e. Records retention.
- i. Creating and maintaining a file on each restricted unit for its control period, including the recorded deed with restrictions, recorded recapture mortgage, and note, as appropriate.
 - ii. Records received, retained, retrieved, or transmitted in furtherance of crediting affordable units of a municipality constitute public records of the municipality as defined by N.J.S.A. 47:3-16, and are legal property of the municipality.
- f. Resales and re-rentals.
- i. Instituting and maintaining an effective means of communicating information between owners and the Administrative Agent regarding the availability of restricted units for resale or re-rental.
 - ii. Instituting and maintaining an effective means of communicating information to very low-, low-, or moderate-income households regarding the availability of restricted units for resale or re-rental.
- g. Processing requests from unit owners.
- i. Reviewing and approving requests from owners of restricted units who wish to refinance or take out home equity loans during the term of their ownership to determine that the amount of indebtedness to be incurred will not violate the terms of this ordinance.
 - ii. Reviewing and approving requests to increase sales prices from owners of restricted units who wish to make capital improvements to the units that would affect the selling

price, such authorizations to be limited to those improvements resulting in additional bedrooms or bathrooms and the depreciated cost of central air conditioning systems.

- iii. Notifying the municipality of an owner's intent to sell a restricted unit.
- iv. Making determinations on requests by owners of restricted units for hardship waivers.
- h. Enforcement.
 - i. Securing annually from the municipality a list of all affordable ownership units for which property tax bills are mailed to absentee owners, and notifying all such owners that they must either move back to their unit or sell it;
 - ii. Securing from all developers and sponsors of restricted units, at the earliest point of contact in the processing of the project or development, written acknowledgement of the requirement that no restricted unit can be offered, or in any other way committed, to any person, other than a household duly certified to the unit by the Administrative Agent;
 - iii. Sending annual mailings to all owners of affordable dwelling units reminding them of the notices and requirements outlined in N.J.A.C. 5:80-26.19(d)4;
 - iv. Establishing a program for diverting unlawful rent payments to the municipal Affordable Housing Trust Fund; and
 - v. Creating and publishing a written operating manual for each affordable housing program administered by the Administrative Agent setting forth procedures for administering the affordability controls.
- i. The Administrative Agent(s) shall, as delegated by the municipality, have the authority to take all actions necessary and appropriate to carry out its/their responsibilities, herein.

U. Responsibilities of The Owner of a development containing affordable units.

- 1. The owner of all developments containing affordable units subject to this subchapter or the assigned management company thereof shall provide to the administrative agent:
 - a. Site plan, architectural plan, or other plan that identifies the location of each affordable unit, if subject to the site plan approval, settlement agreement, or other applicable document regulating the location of affordable units. The administrative agent shall determine the location of affordable units if not set forth in the site plan approval, settlement agreement, or other applicable document.
 - b. The total number of units in the project and the number of affordable units.
 - c. The breakdown of the affordable units by or identification of affordable unit locations by bedroom count and income level, including street addresses / unit numbers, if subject to the site plan approval, settlement agreement, or other applicable document regulating the breakdown of affordable units. The administrative agent shall determine the bedroom and income distribution if not set forth in the site plan approval, settlement agreement, or other applicable document.
 - d. Floor plans of all affordable units, including complete and accurate identification of all rooms and the dimensions thereof.
 - e. A projected construction schedule.
 - f. The location of any common areas and elevators.

- g. The name of the person who will be responsible for official contact with the administrative agent for the duration of the project, which must be updated if the contact changes.
2. In addition to A above, the owner of rental developments containing affordable rental units subject to this subchapter or the assigned management company thereof shall:
 - a. Send to all current tenants in all restricted rental units an annual mailing containing a notice as to the maximum permitted rent and a reminder of the requirement that the unit must remain their principal place of residence, which is defined as residing in the unit at least 260 days out of each calendar year, together with the telephone number, mailing address, and email address of the administrative agent to whom complaints of excess rent can be issued.
 - b. Provide to the administrative agent a description of any applicable fees.
 - c. Provide to the administrative agent a description of the types of utilities and which utilities will be included in the rent.
 - d. Agree and ensure that the utility configuration established at the start of the rent-up process not be altered at any time throughout the restricted period.
 - e. Provide to the administrative agent a proposed form of lease for any rental units.
 - f. Ensure that the tenant selection criteria for the applicants for affordable units not be more restrictive than the tenant selection criteria for applicants for non-restricted units.
 - g. Strive to maintain the continued occupancy of the affordable units during the entire restricted period.
 3. In addition to A, above, the owner of affordable for-sale developments containing affordable for-sale units subject to this subchapter or the assigned management company thereof shall provide the administrative agent:
 - a. Proposed pricing for all units, including any purchaser options and add-on items.
 - b. Condominium or homeowner association fees and any other applicable fees.
 - c. Estimated real property taxes.
 - d. Sewer, water, trash disposal, and any other utility assessments.
 - e. Flood insurance requirement, if applicable.
 - f. The State-approved planned real estate development public offering statement and/or master deed, where applicable, as well as the full build-out budget.

V. Enforcement of Affordable Housing Regulations

1. Upon the occurrence of a breach of any of the regulations governing the affordable unit by an owner, developer or tenant, the municipality shall have all remedies provided at law or equity, including but not limited to foreclosure, tenant eviction, municipal fines, a requirement for household recertification, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in the violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.
2. After providing written notice of a violation to an owner, developer or tenant of an affordable unit and advising the owner, developer or tenant of the penalties for such violations, the

municipality may take the following action against the owner, developer or tenant for any violation that remains uncured for a period of 60 days after service of the written notice:

- a. The municipality may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation, or violations, of the regulations governing the affordable housing unit. If the owner, developer or tenant is found by the Court to have violated any provision of the regulations governing affordable housing units the owner, developer or tenant shall be subject to one or more of the following penalties, at the discretion of the Court:
 - i. A fine of not more than \$1000 per day or imprisonment for a period not to exceed 30 days, or both, unless otherwise specified below, provided that each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not a continuation of the initial offense;
 - ii. In the case of an owner who has rented his or her low- or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Affordable Housing Trust Fund of the gross amount of rent illegally collected;
 - iii. In the case of an owner who has rented his or her affordable unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the Court.
 - iv. All remedies at law and equity, including, but not limited to, injunctive relief and foreclosure.
3. The municipality shall have the authority to levy fines against the owner of the development for instances of noncompliance with NJHRC advertising requirements (N.J.S.A. 52:27D-321.6.e.(2)), following written notice to the owner. The fine for the first offense of noncompliance shall be \$5,000, the fine for the second offense of noncompliance shall be \$10,000, and the fine for each subsequent offense of noncompliance shall be \$15,000.
4. The municipality may file a court action in the Superior Court seeking a judgment, which would result in the termination of the owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any judgment shall be enforceable as if the same were a judgment of default of the first purchase money mortgage and shall constitute a lien against the low- or moderate-income unit.
 - a. Such judgment shall be enforceable, at the option of the municipality, by means of an execution sale by the Sheriff, at which time the affordable unit of the violating owner shall be sold at a sale price which is not less than the amount necessary to fully satisfy and pay off any first purchase money mortgage and prior liens and the costs of the enforcement proceedings incurred by the municipality, including attorney's fees. The violating owner shall have the right to possession terminated as well as the title conveyed pursuant to the Sheriff's sale.
 - b. The proceeds of the Sheriff's sale shall first be applied to satisfy the first purchase money mortgage lien and any prior liens upon the low- or moderate-income unit. The excess, if any, shall be applied to reimburse the municipality for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the municipality in full as aforesaid, the violating owner shall be personally responsible for the full extent of such deficiency, in addition to any and all costs incurred by the municipality in connection with collecting such deficiency. In the event that a

- surplus remains after satisfying all of the above, such surplus shall be placed in escrow by the municipality for the owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the owner shall make a claim with the municipality for such. Failure of the owner to claim such balance within the two year period shall automatically result in a forfeiture of such balance to the municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the municipality, whether such balance shall be paid to the owner or forfeited to the municipality.
- c. Foreclosure due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as they apply to the low- and moderate-income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the affordable housing unit. The owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.
 - d. If there are no bidders at the Sheriff's sale, or if insufficient amounts are bid to satisfy the first purchase money mortgage and any prior liens, the municipality may acquire title to the affordable unit by satisfying the first purchase money mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the first purchase money mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the maximum resale price for which the affordable unit could have been sold under the terms of the regulations governing affordable housing units. This excess shall be treated in the same manner as the excess that would have been realized from an actual sale as previously described.
 - e. Failure of the low- or moderate-income unit to be either sold at the Sheriff's sale or acquired by the municipality shall obligate the owner to accept an offer to purchase from any qualified purchaser that may be referred to the owner by the municipality, with such offer to purchase being equal to the maximum resale price of the low- or moderate-income unit as permitted by the regulations governing affordable housing units.
 - f. The affordable unit 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.
5. It is the responsibility of the municipal housing liaison and the administrative agent(s) to ensure that affordable housing units are administered properly. All affordable units must be occupied within a reasonable amount of time and be re-leased within a reasonable amount of time upon the vacating of the unit by a tenant. If an administrative agent or municipal housing liaison becomes aware of or suspects that a developer, landlord, or property manager has not complied with these regulations, it shall report this activity to the Division. The Division must notify the developer, landlord, or property manager, in writing, of any violation of these regulations and provide a 30-day cure period. If, after the 30-day cure period, the developer, landlord, or property manager remains in violation of any terms of this subchapter, including by keeping a unit vacant, the developer, landlord, or property manager may be fined up to the amount required to construct a comparable affordable unit of the same size and the deed-restricted control period will be extended for the length of the time the unit was out of compliance, in addition to the remedies provided for in this section. For the purposes of this subsection, a reasonable amount of time shall presumptively be 60 days, unless a longer period of time is

required due to demonstrable market conditions and/or failure of the municipal housing liaison or the administrative agent to refer a certified tenant.

6. Banks and other lending institutions are prohibited from issuing any loan secured by owner occupied real property subject to the affordability controls set forth in this subchapter if such loan would be in excess of amounts permitted by the restriction documents recorded in the deed or mortgage book in the county in which the property is located. Any loan issued in violation of this subsection is void as against public policy.
7. The Agency and the Department hereby reserve, for themselves and for each administrative agent appointed pursuant to this subchapter, all of the rights and remedies available at law and in equity for the enforcement of this subchapter, including, but not limited to, fines, evictions, and foreclosures as approved by a county-level housing judge.
8. Appeals
 - a. Appeals from all decisions of an administrative agent appointed pursuant to this subchapter must be filed, in writing, with the municipal housing liaison. A decision by the municipal housing liaison may be appealed to the Division. A written decision of the Division Director upholding, modifying, or reversing an administrative agent's decision is a final administrative action.

SECTION II

Chapters 62-5 through 62-17 are hereby repealed and replaced with the following, the entirety of which is to be contained in a new Chapter 62-5 titled "Development Fees".

A. Development Fees.

1. Purpose
 - a. This section establishes standards for the collection, maintenance, and expenditure of development fees that are consistent with the amended Fair Housing Act (P.L.2024, c.2), N.J.A.C. 5:99, and the Statewide Non-Residential Development Fee Act (C. 40:55D-8.1 through 8.7). Fees collected pursuant to this Ordinance shall be used for the sole purpose of providing very low-, low- and moderate-income housing in accordance with a Court-approved Spending Plan.
2. Basic Requirements
 - a. The municipality previously adopted a development fee ordinance, which established the Municipal Affordable Housing Trust Fund.
 - b. The municipality shall not spend development fees until the court has approved a plan for spending such fees.
3. Residential Development Fees
 - a. Imposed fees
 - i. Residential developers, except for developers of the types of development specifically exempted below, shall pay a fee of 1.5% of the equalized assessed value for residential development, provided no increased density is permitted. Development fees shall also be imposed and collected when an additional dwelling unit is added to an existing

residential structure; in such cases, the fee shall be calculated based on the increase in the equalized assessed value of the property due to the additional dwelling unit.

- ii. When an increase in residential density is permitted pursuant to a “d” variance granted under N.J.S.A. 40:55D-70d(5), developers shall be required to pay a “bonus” development fee of 6.0% of the equalized assessed value for each additional unit that may be realized, except that this provision shall not be applicable to a development that will include affordable housing. 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 units to be constructed on a site that was zoned for two units, the fees could equal 1.5% of the equalized assessed value on the first two units; and the specified higher percentage of 6% of the equalized assessed value for the two 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

- i. Affordable housing developments, developments where the developer is providing for the construction of affordable units elsewhere in the municipality, and developments where the developer has made an eligible payment in lieu of on-site construction of affordable units, if permitted by ordinance, or by agreement with the municipality and if approved by a municipality prior to the statutory elimination of payments in-lieu on March 20, 2024 per P.L.2024, c.2, shall be exempt from development fees.
- ii. Developments that have received preliminary or final site plan approval prior to the adoption of this ordinance and any preceding ordinance permitting the collection of development fees shall be exempt from the payment of development fees, unless the developer seeks a substantial change in the original approval. Where a site plan approval does not apply, the issuance of a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for the purpose of determining the right to an exemption. In all cases, the applicable fee percentage shall be determined based upon the development fee ordinance in effect on the date that the construction permit is issued.
- iii. 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.
- iv. No development fee shall be collected for the demolition and replacement of a residential building resulting from a fire or natural disaster.

4. Non-Residential Development Fees

a. Imposition of fees

- i. Within all zoning districts, non-residential developers, except for developers of the types of development specifically exempted, shall pay a fee equal to 2.5% of the

equalized assessed value of the land and improvements, for all new non-residential construction on an unimproved lot or lots.

- ii. Within all zoning districts, non-residential developers, except for developers of the types of development specifically exempted, shall also pay a fee equal to 2.5% of the increase in equalized assessed value resulting from any additions to existing structures to be used for non-residential purposes.
 - iii. Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of 2.5% shall be calculated on the difference between the equalized assessed value of the pre-existing land and improvements and the equalized assessed value of the newly improved structure; i.e., land and improvements; and such calculation shall be made at the time a final certificate of occupancy is issued. If the calculation required under this section results in a negative number, the non-residential development fee shall be zero.
- b. Eligible exactions, ineligible exactions and exemptions for non-residential development
 - i. The non-residential portion of a mixed-use inclusionary or market-rate development shall be subject to a 2.5% development fee, unless otherwise exempted below.
 - ii. The 2.5% fee shall not apply to an increase in equalized assessed value resulting from alterations, change in use within existing footprint, reconstruction, renovations and repairs.
 - c. Non-residential developments shall be exempt from the payment of non-residential development fees in accordance with the exemptions required pursuant to the Statewide Non-Residential Development Fee Act (N.J.S.A. 40:55D-8.1 through 8.7), as specified in Form N-RDF “State of New Jersey Non-Residential Development Certification/Exemption.” Any exemption claimed by a developer shall be substantiated by that developer.
 - d. A developer of a non-residential development exempted from the non-residential development fee pursuant to the Statewide Non-Residential Development Fee Act shall be subject to the fee at such time as the basis for the exemption no longer applies, and shall make the payment of the non-residential development fee, in that event, within three years after that event or after the issuance of the final certificate of occupancy of the non-residential development, whichever is later.
 - e. If a property that was exempted from the collection of a non-residential 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 45 days of the termination of the property tax exemption. Unpaid non-residential development fees under these circumstances may be enforceable by the municipality as a lien against the real property of the owner.
5. Collection Procedures
- 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 construction official responsible for the issuance of a building permit.
 - b. For non-residential 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 by the developer as per the instructions provided in the Form N-RDF. The construction official shall verify the information

- submitted by the non-residential developer as per the instructions provided on 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 tax assessor of the issuance of the first construction permit for a development that is subject to a development fee.
 - d. Within 90 days of receipt of that notice, the tax assessor shall provide an estimate, based on the plans filed, 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 tax assessor of any and all requests for the scheduling of a final inspection on property that is subject to a development fee.
 - f. Within 10 business days of a request for the scheduling of a final inspection, the tax assessor shall confirm or modify the previously estimated equalized assessed value of the improvements associated with the development; calculate the development fee; and thereafter notify the developer of the amount of the fee.
 - g. Should the municipality fail to determine or notify the developer of the amount of the development fee within 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 (N.J.S.A. 40:55D-8.6).
 - h. Fifty percent (50%) of the development fee shall be collected at the time of issuance of the construction permit. The remaining portion shall be collected at the time of issuance of the certificate of occupancy. The developer shall be responsible for paying the difference between the fee calculated at the time of issuance of the construction permit and that determined at the time of issuance of certificate of occupancy.
6. Appeal of development fees
- a. A developer may challenge residential development fees imposed by filing a challenge with the County Board of Taxation. Pending a review and determination by that board, collected fees shall be placed in an interest-bearing escrow account by the municipality. 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 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.
 - b. A developer may challenge non-residential 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 45 days of receipt of the challenge, collected fees shall be placed in an interest-bearing escrow account by the municipality. 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 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.
7. Affordable Housing Trust Fund
- a. A separate, interest-bearing Municipal Affordable Housing Trust Fund shall be maintained by the chief financial officer of the municipality 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 Municipal Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:
 - i. Payments in lieu of on-site construction of an affordable unit, where previously permitted by ordinance or by agreement with the municipality and if approved by a municipality prior to the statutory elimination of payments in-lieu on March 20, 2024 per P.L.2024, c.2;
 - ii. Funds contributed by developers to make 10% of the adaptable entrances in a townhouse or other multistory attached dwelling unit development accessible;
 - iii. Rental income from municipally operated units;
 - iv. Repayments from affordable housing program loans;
 - v. Recapture funds;
 - vi. Proceeds from the sale of affordable units; and
 - vii. Any other funds collected in connection with the municipal affordable housing program including but not limited to interest earned on fund deposits.
 - c. The municipality shall provide the Division with written authorization, in the form of a tri-party escrow agreement(s) between the municipality, the Division and the financial institution in which the municipal affordable housing trust fund has been established to permit the Division to direct the disbursement of the funds as provided for in N.J.A.C. 5:99-2.1 et seq.
 - d. Occurrence of any of the following deficiencies may result in the Division requiring the forfeiture of all or a portion of the funds in the municipal Affordable Housing Trust Fund:
 - i. Failure to meet deadlines for information required by the Division in its review of a development fee ordinance;
 - ii. Failure to commit or expend development fees within four years of the date of collection in accordance with N.J.A.C. 5:99-5.5;
 - iii. Failure to comply with the requirements of the Non-Residential Development Fee Act and N.J.A.C. 5:99-3;
 - iv. Failure to submit accurate monitoring reports pursuant to this subchapter within the time limits imposed by the Act, this chapter, and/or the Division;
 - v. Expenditure of funds on activities not approved by the Superior Court or otherwise permitted by law;
 - vi. Revocation of compliance certification or a judgment of compliance and repose;
 - vii. Failure of a municipal housing liaison or administrative agent to comply with the requirements set forth at N.J.A.C. 5:99-6, 7, and 8;
 - viii. Other good cause demonstrating that municipal affordable housing funds are not being used for an approved purpose.
 - e. All interest accrued in the housing trust fund shall only be used on eligible affordable housing purposes approved by the Court.

8. Use of Funds

- a. The expenditure of all funds shall conform to a Spending Plan approved by Superior Court. Funds deposited in the municipal Affordable Housing Trust Fund may be used for any activity approved by the Court to address the 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; housing rehabilitation; new construction of affordable housing units and related costs; accessory apartments; a market-to-affordable program; conversion of existing non-residential 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; and/or any other activity permitted by Superior Court and specified in the approved Spending Plan.
- b. Funds shall not be expended to reimburse the municipality or activities that occurred prior to the authorization of a municipality to collect development fees.
- c. At least a portion of all development fees collected and interest earned shall be used to provide affordability assistance to very low-, low- and moderate-income households in affordable units included in the municipal Fair Share Plan. A portion of the development fees which provide affordability assistance shall be used to provide affordability assistance to very low-income households.
 - i. 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, infrastructure assistance, and assistance with emergency repairs. The specific programs to be used for affordability assistance shall be identified and described within the Spending Plan.
 - ii. Affordability assistance for very low income households may include producing very low-income units or buying down the cost of low- or moderate-income units in the municipal Fair Share Plan to make them affordable to households earning 30% or less of median income.
- d. No more than 20% of all affordable housing trust funds, exclusive of those collected to fund an RCA prior to July 17, 2008, shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultants' fees necessary to develop or implement a new construction program, prepare and implement a Housing Element and Fair Share Plan, administer an Affirmative Marketing Program and for compliance with the Superior Court and the Program including the costs to the municipality of resolving a challenge.

9. Monitoring

- a. On or before February 15 of each year, the municipality shall provide annual electronic data reporting of trust fund activity for the previous year from January 1st to December 31st through the AHMS Reporting System. This reporting shall include an accounting of all Municipal Affordable Housing Trust Fund activity, including the sources and amounts of all funds collected and the amounts and purposes for which any funds have been expended. Such reporting shall include an accounting of development fees collected from

residential and non-residential developers, previously eligible payments in lieu of constructing affordable units on site (if permitted by ordinance or by agreement with the municipality prior to the March 20, 2024 statutory elimination per P.L. 2024, c.4), funds from the sale of units with extinguished controls, barrier-free escrow funds, rental income from municipally-owned affordable housing units, repayments from affordable housing program loans, interest and any other funds collected in connection with municipal housing programs, as well as an accounting of the expenditures of revenues and implementation of the Spending Plan approved by the Court.

10. Ongoing Collection of Fees

- a. The ability to impose, collect and expend development fees shall continue so long as the municipality retains authorization from the Court in the form of Compliance Certification or the good faith effort to obtain it.
- b. If the municipality fails to renew its ability to impose and collect development fees prior to the expiration of its Judgment of Compliance, it may be subject to forfeiture of any or all funds remaining within its Affordable Housing 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).

11. Emergent Affordable Housing Opportunities. Requests to expend affordable housing trust funds on emergent affordable housing opportunities not included in the municipal fair share plan shall be made to the Division and shall be in the form of a governing body resolution. Any request shall be consistent with N.J.A.C. 5:99-4.1.

SECTION III

All ordinances or code provisions or parts thereof inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.

SECTION IV

If any section, subsection, paragraph, sentence or any other part of this Ordinance is adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remainder of this Ordinance.

SECTION V

This ordinance shall take effect upon its passage and publication, as required by law.

Adopted: March 5, 2026

Effective: March 25, 2026

EXHIBIT G

**A RESOLUTION ADOPTING AN AFFIRMATIVE MARKETING PLAN FOR
THE BRIDGEWATER TOWNSHIP HOUSING AFFORDABLE HOUSING
PROGRAM**

WHEREAS, pursuant to the Fair Housing Act, N.J.S.A. 52:27D-301, *et seq.* ("FHA"), the Township of Bridgewater is required to adopt an Affirmative Marketing Plan for the Township's affordable housing program ("Plan") by March 15, 2026, and

WHEREAS, a plan has been prepared and is annexed hereto as Exhibit A; and

WHEREAS, the Township seeks to comply with all aspects of the FHA in order to obtain a Compliance Certification and immunity from exclusionary zoning and builder's remedy lawsuits.

NOW, THEREFORE, BE IT RESOLVED on this 5th day of March, 2026, by the Council of the Township of Bridgewater, Somerset County, State of New Jersey, as follows:

1. The Affirmative Marketing Plan attached hereto as Exhibit A is hereby adopted.
2. This resolution shall take effect immediately.

Introduced	Seconded	Council	Aye	Nay	Abstain	Absent
	✓	Bucko	✓			
		Isla	✓			
		Kirsh	✓			
✓		Ring	✓			
		Geiger	✓			

Adopted: March 5, 2026

I hereby certify this is a true and exact copy of a resolution adopted by the Bridgewater Township Council on March 5, 2026

Grace W. Njuguna

Grace Njuguna, RMC, Township Clerk

AFFIRMATIVE FAIR HOUSING MARKETING PLAN For Affordable Housing in **(REGION 3)**

I. APPLICANT AND PROJECT INFORMATION

(Complete Section I individually for all developments or programs within the municipality.)

Administrative Agent Name, Address, Phone Number Ervin Oross Rehabco, Inc. 44 East Water Street Toms River, NJ 08753 732.477.7750		Development or Program Name, Address Various	
Number of:	Affordable Rental Units	Affordable For-Sale Units	
Affordable Units Total	TBD	TBD	
Affordable Age Restricted Units	TBD	TBD	
Affordable Non-Age Restricted Units	TBD	TBD	
Affordable Supportive Housing Units	TBD	TBD	
Price or Rental Range	Approximate Starting Dates		
From: TBD	Advertising: TBD	Occupancy: TBD	
To: TBD			
Counties Hunterdon, Middlesex, Somerset		Preferences, if any: (veteran, regional, NJ) TBD	
Accessibility Features, if any: TBD			
Managing/Sales Agent's Name, Address, Phone Number TBD			
Application Fees (if any): TBD			

Attach a copy of the pricing calculator and a spreadsheet with information about all units, including number of bedrooms, income level, accessibility features, and square footage to this plan.

(Sections II through IV should be consistent for all affordable housing developments and programs within the municipality and with the municipal Affordable Housing Ordinance. Sections that differ must be described in the approved contract between the municipality and the administrative agent and in the approved Operating Manual.).

II. RANDOM SELECTION

<p>2. Describe the random selection process that will be used once applications are received.</p> <p>Bridgewater's Affordable Housing Program is subject to this affirmative marketing random selection process have been in existence for a number of years and currently have established waiting lists. This random selection process will be instituted for all new applicants and when the current lists are approaching the exhaustion of qualified households. The applicant pool created by this process will be tacked on to the existing waiting lists.</p>

Those households currently on the existing waiting lists will not be subjected to a second round of a random selection process.

All households that wish to be considered for affordable housing will be asked a series of questions to assess their likelihood of being approved as an income eligible household.

- How many people comprise the household?
- Is the total income for the household above or below the income limit established by the facility for the family size?
- Does the household currently live in the COAH Housing Region?
- Do the heads of the household currently work in the COAH Housing Region?

If the applicant indicates that their total household income is below the income limit for their family size, they will be eligible for placement in the applicant pool. Applicants will, of course, be required to provide written documentation to evidence this and other eligibility criteria at a later time. Once a sufficient number of applicants have been placed in the pool, the Administrative Agent will close the pool and no other applicants will be considered until the applicant pool is reopened by the Administrative Agent. All households in the applicant pool will then be notified of the location, date and time that the random selection will take place. Each applicant will be assigned a number that will be used to identify them in the random selection process. This number will be provided to the applicant prior to the random selection. All numbers will be placed in a container and chosen at random. Using the order set by the random selection process, the Administrative Agent will contact applicants that indicated that they lived and/or worked in COAH Housing Region 3. Once this list of applicants is exhausted, the Administrative Agent will contact applicants outside Region 3 in the order in which they were randomly selected. As units become available, and in the order described above, the Administrative Agent will notify applicants in writing that they are among a group of applicants that are being considered for an available affordable unit. Applicants will be given 14 days to complete a full application and submit it along with the requested back-up documentation. A waiting list of all eligible applicants will be maintained by the Administrative Agent in accordance with the provisions contained in N.J.A.C. 5:80-26 et. seq.

III. MARKETING

Direction of Marketing Activity: (indicate which group(s) in the housing region are least likely to apply for the housing without special outreach efforts because of its location and other factors)

- White (non-Hispanic)
 Black (non-Hispanic)
 Hispanic
 American Indian or Alaskan Native
 Asian or Pacific Islander
 Other group:

REQUIRED

5:80-26.16(g)1 requires you to advertise your project on the New Jersey Housing Resource Center for at least sixty days before conducting the random selection.

HOUSING RESOURCE CENTER (www.njhousing.gov) A free, online listing of affordable housing

Regional Newspapers

5:80-26.16(g)3 requires you to advertise your project in at least one regional newspaper (either online or in print). You may also select several papers with partial regional coverage, as long as all counties in the region are covered.

TARGETS ENTIRE HOUSING REGION 3

<input checked="" type="checkbox"/>	Star-Ledger (online only)	https://www.nj.com/starledger/	Hunterdon, Middlesex, Somerset
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TARGETS PARTIAL HOUSING REGION 3

<input type="checkbox"/>	Home News Tribune	https://www.mycentraljersey.com/news/home-news-tribune/	Middlesex
<input type="checkbox"/>	Echoes-Sentinel	www.echoes-sentinel.com	Somerset
<input type="checkbox"/>	Courier News	https://www.mycentraljersey.com/	Somerset, Hunterdon
<input type="checkbox"/>	Hunterdon Review	https://www.newjerseyhills.com/hunterdon_review/	Hunterdon
<input type="checkbox"/>	The Amboy Guardian	https://www.amboyguardian.com/	Middlesex
<input type="checkbox"/>	Branchburg News	https://readingtonnews.com/	Somerset

TARGETS ENTIRE HOUSING REGION 3

Housing Search Websites

5:80-26.16(g)4 requires you to advertise your project on at least one housing search website in addition to the NJHRC. This can include the AA website. List below all housing search websites to be used:

https://www.cjhc.org/images/Rental_Unit_Availability.pdf

If you selected a print newspaper(s) as your regional paper above, select TWO additional strategies below with AT LEAST ONE NON-DIGITAL MARKETING STRATEGY.

If you selected a digital newspaper(s) as your regional paper above, select AT LEAST TWO NON-DIGITAL MARKETING STRATEGIES below.

X Specific Radio and Television Stations

5:80-26.16(e)1 lists specific radio stations, and television stations throughout the housing region as marketing opportunities. If choosing this option, make sure your proposed stations cover the entire region. You may add more if desired. List the selected publications below or attach a list from the Marketing Outreach Tool.

<input checked="" type="checkbox"/>	WCTC 1450
<input checked="" type="checkbox"/>	WCVH 90.5
<input type="checkbox"/>	
<input type="checkbox"/>	

Paid Targeted Digital Advertising

5:80-26.16(e)1 offers paid targeted digital advertising as an option. Some common platforms are listed below.

<input type="checkbox"/>	Google Ads
<input type="checkbox"/>	Microsoft Ads
<input type="checkbox"/>	Bing Ads
<input type="checkbox"/>	Other (please list)

Specific Newspapers and Other Publications

5:80-26.16(e)2 lists “specific newspapers and other publications circulated within the housing region” as an option, including neighborhood-oriented weekly papers, religious publications, and organizational newsletters. If choosing this option, make sure your proposed publications cover the entire region. You may add more if desired. List the selected publications below or attach a list from the Marketing Outreach Tool.

<input type="checkbox"/>	

Employers Throughout the Housing Region

5:80-26-16(e)3 offers outreach to regional employers as an option. A comprehensive and regularly updated list of employers is available in the Marketing Outreach Tool. Please reach out to each listed employer in the region; you may add more if desired. If an employer no longer exists or has moved, please inform DCA.

Community Organizations Throughout the Housing Region

5:80-26-16(e)4 offers community and regional organizations as an option, including nonprofit, religious, governmental, fraternal, civic, and other organizations. A comprehensive and regularly updated list of organizations is available in the Marketing Outreach Tool. Please reach out to each listed organization in the region. You may add more if desired. If an organization no longer exists or has moved, please inform DCA.

X Municipal and County Websites	
5:80-26-16(e)5 offers municipal and county website advertising as an option. Insert the URL for the municipality.	
Municipality: https://www.bridgewaternj.gov/affordable-housing/	
☐ Social Media	
5:80-26.16(e)6 offers social media as an option. Some common platforms are listed below. You may place ads on these platforms or market for free on your own page.	
<input type="checkbox"/>	Facebook
<input type="checkbox"/>	TikTok
<input type="checkbox"/>	Instagram
<input type="checkbox"/>	Reddit
<input type="checkbox"/>	YouTube
<input type="checkbox"/>	Snapchat
<input type="checkbox"/>	Other (please list)
☐ Public Transit Stops	
A comprehensive and regularly updated list of NJ Transit stops is available at https://www.nj.gov/dca/hmfa/about/has/ , or in map form at njogis-newjersey.opendata.arcgis.com . Note that you must get permission from NJ Transit to post flyers.	
X Other Advertising Efforts	
<p>Provide notice to Fair Share Housing Center</p> <p>Provide notice to Latino Action Network</p> <p>Provide notice to New Jersey State Conference of NAACP</p> <p>Provide notice to Central Jersey Housing Resource Center</p>	

IV. APPLICATIONS

Applications for affordable housing or notices thereof, if offered online, for the above units will be available in all County Administration Buildings and Libraries for all counties in the housing region:	
BUILDING	LOCATION
X Middlesex County Administration Bldg	75 Bayard, New Brunswick, NJ 08903
X Somerset County Admin. Bldg	20 Grove Street, Somerville, NJ 08876
X Somerset County Library Headquarters	1 Vogt Drive, Bridgewater, NJ 08807
X Hunterdon County Library Headquarters	314 State Highway 12, Bldg. 3 Flemington, NJ 08822
Municipality in which the units are located (list municipal building and municipal library, address, contact person)	
Municipal Building, 100 Commons Way, Bridgewater, NJ 08807, Michael Pappas, MHL	
Bridgewater Library, 1 Vogt Drive, Bridgewater, NJ 08807	
Sales/Rental Office for units (if applicable)	
TBD	

V. CERTIFICATIONS AND ENDORSEMENTS

I hereby certify that the above information is true and correct to the best of my knowledge. I understand that knowingly falsifying the information contained herein may affect the Municipality's compliance and/or any state funding.	

Name (Type or Print)	

Title/Municipality	

Signature	Date
_____	_____

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EXHIBIT H

**A RESOLUTION ADOPTING THE TOWNSHIP OF BRIDGEWATER 2026
AFFORDABLE HOUSING TRUST FUND SPENDING PLAN**

WHEREAS, pursuant to the Fair Housing Act, N.J.S.A. 52:27D-301, *et seq.* (“FHA”), the Township of Bridgewater is required to adopt an Affordable Housing Trust Fund Spending Plan (“Plan”) by March 15, 2026, and

WHEREAS, a Plan dated January 14, 2026, has been prepared and is annexed hereto as Exhibit A; and

WHEREAS, the Township seeks to comply with all aspects of the FHA in order to obtain a Compliance Certification and immunity from exclusionary zoning and builder’s remedy lawsuits.

NOW, THEREFORE, BE IT RESOLVED on this 5th day of March, 2026, by the Council of the Township of Bridgewater, Somerset County, State of New Jersey, as follows:

1. The Affordable Housing Trust Fund Spending Plan attached hereto as Exhibit A is hereby adopted.
2. This resolution shall take effect immediately.

Introduced	Seconded	Council	Aye	Nay	Abstain	Absent
	✓	Bucko	✓			
		Isla	✓			
		Kirsh	✓			
✓		Ring	✓			
		Geiger	✓			

Adopted: March 5, 2026

I hereby certify this is a true and exact copy of a resolution adopted by the Bridgewater Township Council on March 5, 2026

Grace W. Njuguna

Grace Njuguna, RMC, Township Clerk

TOWNSHIP OF BRIDGEWATER 2026 AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

January 14, 2026

Council Approval: March 5, 2026

1) INTRODUCTION

The Township of Bridgewater has prepared a Housing Element and Fair Share Plan in accordance with the Municipal Land Use Law (NJSA 40:55D-1 et seq.), the Amended Fair Housing Act (NJSA 52:27D-301), and the applicable affordable housing regulations (NJAC 5:91-1 et seq., NJAC 5:93-1 et seq., and NJAC 5:99 et seq.). A development fee ordinance creating a dedicated revenue source for affordable housing was originally approved by the Council on Affordable Housing ("COAH") on May 5, 1993 and adopted by the municipality on January 14, 1993. An updated development fee ordinance was approved by COAH on June 5, 2008 and adopted on May 2, 2005.¹ The ordinance establishes the Township of Bridgewater's affordable housing trust fund for which this spending plan is prepared.

2) REVENUES FOR CERTIFICATION PERIOD

As of September 30, 2025, the Township of Bridgewater has collected \$20,772,452.52 and expended \$18,371,669.20 resulting in a balance of \$2,400,783.32. 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 are deposited in a separate interest-bearing affordable housing trust fund in Provident Bank for the purposes of affordable housing. These funds shall be spent in accordance with NJAC 5:99-2.3, as described in the sections that follow.

To calculate a projection of revenue anticipated during the period of the fourth round (2025-2035), the Township of Bridgewater considered the following:

(a) Development fees:

1. Residential and non-residential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the planning and zoning boards 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.

¹ Dates sourced from Affordable Housing Monitoring System, accessed June 3, 2025.

(b) Payment in lieu (PIL):

Actual and committed payments in lieu (PIL) of construction from developers as follows:

- No funds are anticipated at this time.

(c) Other funding sources:

Funds from other sources, including, but not limited to, the sale of units with extinguished controls, repayment of affordable housing program loans, rental income and proceeds from the sale of affordable units.

- The Township expects to collect \$100 from Nouvelle for the purchase of 901 Route 202/206 and \$100 from Triple C for the purchase of Whitney Court.

(d) Projected interest:

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

- The Township projects collecting \$374,199.67 between October 1, 2025 and 2035.

The Township of Bridgewater projects a total of \$10,007,441.99 in revenue to be collected between October 1, 2025 and 2035. This projected amount, when added to the Township's trust fund balance as of September 30, 2025, results in an anticipated total revenue of \$12,408,225.31 available to fund and administer its affordable housing plan. All interest earned on the account shall be used only for the purposes of affordable housing. See the table on the following page for a projection of the anticipated revenues.

Projected Revenues – Affordable Housing Trust Fund												
Source of Funds	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
(a) Development fees:												
Approved Residential Development	\$28,773	\$14,386	\$2,877									\$46,037
Residential Development Pending Approval												\$0
Projected Residential Development		\$23,018	\$34,528	\$46,037	\$28,773	\$17,264	\$51,791	\$11,509	\$34,528	\$40,282	\$46,037	\$333,766
Approved Non-Residential Development**		\$454,506	\$4,500,000	\$863,348	\$185,386	\$750,000						\$6,753,239
Projected Non-Residential Development							\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,500,000
(b) Payments in Lieu of Construction												
(c) Other Funds												
901 202/206 Land Purchase		\$100										\$100
Whitney Court Land Purchase		\$100										\$100
(d) Interest	\$15,000	\$18,397	\$169,699	\$34,011	\$8,010	\$28,696	\$20,637	\$19,130	\$19,991	\$20,207	\$20,422	\$374,199.67
Total	\$43,773	\$510,508	\$4,707,104	\$943,395	\$222,169	\$795,959	\$572,428	\$530,640	\$554,519	\$560,489	\$566,458	\$10,007,441.99

*For purposes of projecting revenues, we have utilized historic residential Certification of Occupancy data and projected forward. Projections assume the estimated value of a new home is \$575,459. (This value was provided by the CFO and is the average home value within the Township.) The value is then multiplied by 1.0%.

**Estimates provided by Tax Assessor

3) 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 Township of Bridgewater:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with the Township of Bridgewater’s development fee ordinance for both residential and non-residential developments in accordance with NJAC 5:91, 5:93, and 5:99, the Amended Fair Housing Act, and the Municipal Land Use Law.

(b) Distribution of development fee revenues:

The Administration forwards a resolution to the governing body recommending the expenditure of development fee revenues as set forth in this spending plan. The governing body reviews the request for consistency with the spending plan and adopts the recommendation by resolution. The release of the funds requires the adoption of the governing body resolution in accordance with the Court- and/or Program-approved spending plan. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body’s resolution.

4) DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(a) Rehabilitation, new construction programs and projects, and other housing activity.

The Township of Bridgewater will dedicate a maximum of \$300,000 for hard costs to rehabilitate 30 units.

Rehabilitation program: Maximum of \$300,000

Other housing activity:

- **Extension of Controls.** Bridgewater is committed to continue its program of extending affordability controls on existing affordable units or where controls recently expired. The Housing Element and Fair Share Plan (“HEFSP”) anticipates the

extension of controls for up to 25 units occurring over the next decade. A maximum of \$12,500 would be provided to each homeowner in exchange for a new deed restriction. This will be a first-come, first-served program.

- **Purchase of Existing Units to Maintain Affordability.** The Township is reserving up to \$1,000,000 to purchase existing units to maintain affordability when the need arises.

(b) Affordability Assistance (NJAC 5:99-2.5(a)).

Municipalities are required to “set aside a portion of all development fees collected and interest earned for the purpose of providing affordability assistance to very-low, low-, and moderate-income households in affordable units included in the municipality’s fair share plan”. The regulations do not specify a certain percentage that must be attained, but for purposes of this document, a goal of 20% has been set. The actual affordability assistance expenditures are calculated on an ongoing basis in the online Affordable Housing Monitoring System platform.

According to the chart on the following page, the Township of Bridgewater has set a goal of 20% of all fees and interest earned to be reserved for affordability assistance. This goal translates to \$5,632,421.88. Through September 30, 2025 the Township has spent \$1,464,464.32 from the affordable housing trust fund to render units more affordable.

The Township proposes the following affordability assistance mechanisms:

- **901 Route 202/206 (VLI).** Bridgewater has committed funding towards this four-bed very-low-income group home facility. The Township will provide a maximum of \$150,000 to aid Nouvelle, the builder of the development. This funding will enable the construction of the project.
- **Whitney Court.** Bridgewater has committed funding towards this five-unit supportive housing facility. The Township will provide a maximum of \$150,000 to aid Triple C, the builder of this development. This funding will enable the construction of the project.
- **Property Acquisition Cornell Boulevard.** Bridgewater has committed up to \$600,000 to enable the purchase of Block 406, Lot 2.01. The property will be transformed into a 100% affordable, 15-unit development. This funding will enable the

construction of the project. Four of the units on the site will be very-low-income. Therefore, \$160,000 of the total \$600,000 enables the construction of very-low-income units.

- **Emergency Assistance for Repairs.** Bridgewater is reserving up to \$110,000 for emergency assistance for minor repairs and replacements that do not conform to the minimums needed for enrollment in the rehabilitation program. This program will only be available to deed-restricted affordable units.
- **Future Supportive/Special Needs Units.** As demonstrated in the HEFSP, Bridgewater encourages and enables supportive and special needs housing units to locate within the community. Bridgewater seeks to reserve funding for future partnerships to bring additional supportive/special needs units to the Township. This plan envisions up to \$3,000,000 earmarked for this mechanism, which is dependent upon development fees collected.
- **Other Future Affordable Opportunities.** Bridgewater would like the flexibility to use the trust fund if any other affordable housing opportunities arise over the next ten years. For example, to assist a site in providing more than a 20% set-aside or renovating an existing structure to become an affordable unit, assisting Habitat for Humanity, creating veterans or senior housing, etc. Up to \$2,642,368 will be available for this mechanism, which is dependent on development fees collected.
- **Property Acquisition.** Bridgewater seeks innovative and creative solutions to meeting its affordable housing obligation. This document reserves up to \$3,000,000 to purchase land to enable the construction of affordable housing. This amount is dependent on development fees collected.
- **Water Heater Replacement.** This program would only be available to those extending controls on their units. This program would upgrade the mechanical equipment within the unit, making it more energy efficient. A maximum of \$1,500 per unit would be available for a water heater (existing heater must be eight years or older). Up to \$37,500 is reserved for this program.

AFFORDABILITY ASSISTANCE CALCULATION	
Actual development fees through 9.30.2025	\$ 16,372,464.45
Actual interest earned through 9.30.2025	+ \$ 1,782,402.96
Development fees projected 10.1.2025-2035	+ \$ 9,633,042.32
Interest projected 10.1.2025-2035	+ \$ 374,199.67
Total	= \$ 28,162,109.40
Calculate 20 percent	x .20 = \$ 5,632,421.88
Less Affordability assistance expenditures through 9.30.2025	- \$ 1,464,464.32
Projected Minimum Affordability Assistance Requirement 10.1.2025-2035	= \$ 4,167,957.56

(c) Administrative Expenses (NJAC 5:99-2.4(a)).

Municipalities are permitted to use affordable housing trust fund revenue for related administrative costs, up to a 20% limitation, exclusive of funds collected to fund an RCA. The actual administrative expense maximum is calculated on an ongoing basis in the online Affordable Housing Monitoring System platform based on actual revenues.

The Township of Bridgewater projects that \$1,538,767.58 will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20% cap, include, but are not limited to:

- Township Attorney, Engineer, Affordable Housing Planner, and Planner fees related to attaining affordable housing compliance as well as consulting fees related to the administration and implementation of the Township's affordable housing program(s).
- Salaries and benefits for municipal employees for administration and implementation of the housing plan and program(s).
- Fees for administering the Rehabilitation Program and for the Administrative Agent.
- Municipal Housing Liaison and Administrative Agent training and on-going continuing education.

ADMINISTRATIVE EXPENSE CALCULATION	
Actual dev fees and interest thru 9.30.2025	\$ 18,154,867.41
Projected dev fees and interest 10.1.2025-2035	+ \$ 10,007,241.99
Payments-in-lieu of construction and other deposits thru 9.30.2025	+ \$ 2,617,585.11
Projected payments-in-lieu of construction and other deposits 10.1.2025-2035	+ \$ 200.00
Total	= \$ 30,779,894.51
Calculate 20 percent	x .20 = \$ 6,155,978.90
Less admin expenditures thru 9.30.2025	- \$ 4,617,211.32
Projected Maximum available for administrative expenses 10.1.2025-2035	= \$ 1,538,767.58

5) EXPENDITURE SCHEDULE

The Township of Bridgewater intends to use affordable housing trust fund revenues for the creation of affordable units and/or rehabilitation of housing units. It should be noted that the amount spent in a given year for any line item may, in reality, actually span multiple years. The chart on the following page provides an estimated timeline for expenditure and does not restrict the Township from spending the money sooner or later in the Fourth Round period, nor does it prohibit the Township from spending more or less money in one year assuming the funds are in place to make said expenditure.

Projects/Programs	Number of Units Projected	Projected Expenditure Schedule 10.1.2025-2035												
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total	
Township Rehab Program	30	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$300,000
Housing Activity														
Extended Controls	25	\$25,000	\$50,000	\$50,000	\$50,000	\$37,500	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$312,500
Purchase of Existing Units to Maintain Affordability	TBD			\$500,000			\$500,000							\$1,000,000
Affordability Assistance														
901 Route 202/206 (VLI)	4 beds		\$150,000											\$150,000
Whitney Court	5 beds		\$150,000											\$150,000
Property Acquisition Cornell Boulevard	15	\$600,000												\$600,000
Future Supportive/Special Needs Housing	TBD			\$500,000		\$500,000		\$500,000		\$500,000		\$500,000	\$500,000	\$3,000,000
Other Future Affordable Opportunities	TBD			\$400,000		\$400,000		\$400,000		\$400,000		\$400,000	\$513,225	\$2,213,225
Property Acquisition	TBD					\$1,000,000				\$1,000,000			\$1,000,000	\$3,000,000
Emergency Assistance for Repairs	TBD	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$110,000
Water Heater Replacement (Ext of Controls)	25	\$3,000	\$3,000	\$3,000	\$4,500	\$3,000	\$3,000	\$3,000	\$4,500	\$3,000	\$4,500	\$3,000	\$3,000	\$37,500
Administration		\$150,000	\$150,000	\$150,000	\$125,000	\$125,000	\$125,000	\$125,000	\$135,000	\$150,000	\$150,000	\$150,000	\$150,000	\$1,535,000
Total		\$763,000	\$518,000	\$1,243,000	\$619,500	\$1,705,500	\$1,093,000	\$694,500	\$603,000	\$1,719,500	\$1,218,000	\$2,231,225	\$12,408,225.31	

6) EXCESS OR SHORTFALL OF FUNDS

The Township currently has sufficient funds to cover the hard costs of the Rehabilitation Program and all the commitments it has with the affordable housing providers. Any administrative costs above and beyond those that cannot be covered by the trust fund will be sourced from the general fund.

In the event more funds than anticipated are collected or projected funds exceed the amount necessary to implement the Fair Share Plan, the Township will use those excess funds towards affordability assistance, land acquisition, or other innovative techniques.

7) SUMMARY

The Township of Bridgewater intends to spend affordable housing trust fund revenues pursuant to NJAC 5:99-2.3 and consistent with the housing programs outlined in the Fourth Round Housing Plan Element and Fair Share Plan.

The Township of Bridgewater has a balance of \$2,400,783.32 as of September 30, 2025 and anticipates an additional \$10,007,441.99 in revenues through 2035 for a total of \$12,408,225.31. This Spending Plan demonstrates the Township's **commitment to expend** \$12,408,225.31 through December 31, 2035, including a commitment to expend with respect to the following:

- Commitment to expend a maximum of \$300,000 towards the hard costs of a Rehabilitation Program;
- Commitment to expend up to \$1,312,500.00 towards housing activities;
- Commitment to expend up to \$9,260,725.31 towards affordability assistance; and
- Commitment to expend up to \$1,535,000.00 towards administrative costs.

The table on the following page provides a summary of the affordable housing trust fund spending plan.

SPENDING PLAN SUMMARY	
Balance as of September 30, 2025	\$2,400,783.32
Projected Revenue 10.1.2025-2035	
Development fees	+ \$9,633,042.32
Payments in lieu of construction	+ \$0.00
Other funds	+ \$200.00
Interest	+ \$374,199.67
TOTAL REVENUE	= \$12,408,225.31
Projected Expenditures 10.1.2025-2035	
Funds used for Rehabilitation	- \$300,000.00
Housing Activity	- \$1,312,500.00
Affordability Assistance	- \$9,260,725.31
Administration	- \$1,535,000.00
Total Projected Expenditures	= \$12,408,225.31
Remaining Balance	= \$0.00

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EXHIBIT I

**A RESOLUTION ADOPTING AN OPERATING MANUAL FOR THE
ADMINISTRATION OF THE BRIDGEWATER TOWNSHIP HOUSING
REHABILITATION PROGRAM**

WHEREAS, pursuant to the Fair Housing Act, N.J.S.A. 52:27D-301, *et seq.* (“FHA”), the Township of Bridgewater is required to adopt an operating manual for the Township’s rehabilitation program (“manual”) by March 15, 2026, and

WHEREAS, a manual dated February, 2026, has been prepared and is annexed hereto as Exhibit A; and

WHEREAS, the Township seeks to comply with all aspects of the FHA in order to obtain a Compliance Certification and immunity from exclusionary zoning and builder’s remedy lawsuits.

NOW, THEREFORE, BE IT RESOLVED on this 5th day of March, 2026, by the Council of the Township of Bridgewater, Somerset County, State of New Jersey, as follows:

1. The operating manual for the administration of the Township’s housing rehabilitation program attached hereto as Exhibit A is hereby adopted.

2. This resolution shall take effect immediately.

Introduced	Seconded	Council	Aye	Nay	Abstain	Absent
	✓	Bucko	✓			
		Isla	✓			
		Kirsh	✓			
✓		Ring	✓			
		Geiger	✓			

Adopted: March 5, 2026

I hereby certify this is a true and exact copy of a resolution adopted by the Bridgewater Township Council on March 5, 2026

Grace W. Njuguna

Grace Njuguna, RMC, Township Clerk

OPERATING MANUAL

THE ADMINISTRATION OF

HOUSING REHABILITATION PROGRAM

BRIDGEWATER TOWNSHIP



Township of Bridgewater
New Jersey

Prepared by:

*Rehabco, Inc.
44 East Water Street
Toms River NJ 08753*

February 6, 2026

**BRIDGEWATER TOWNSHIP
REHABILITATION PROGRAM OPERATING MANUAL CHECKLIST
Standards**

	Eligible Participants
<input type="checkbox"/>	Categories of Participants –Owners/Renters
<input type="checkbox"/>	Income Limits – The carrying costs of the unit should meet COAH criteria.
<input type="checkbox"/>	Certification of Substandard – List Major Systems
	Available Benefits
<input type="checkbox"/>	Program Financing – Owners/Renters
<input type="checkbox"/>	Program Affordability Controls
<input type="checkbox"/>	Program Affordability Controls – Owner-occupied – Lien
<input type="checkbox"/>	Program Affordability Controls – Renter-occupied – Deed and may include a lien
	Eligible Property Improvements
<input type="checkbox"/>	Eligible property improvements - Sample related work
<input type="checkbox"/>	Ineligible property improvements
<input type="checkbox"/>	Rehabilitation Standard
<input type="checkbox"/>	Certification of Standards required
	Overview of Administrative Procedures
<input type="checkbox"/>	Preliminary Application/Interview – Owners/Renters
<input type="checkbox"/>	Income Eligibility and Program Certification – Documents to be submitted Owners/Renters – period of eligibility
<input type="checkbox"/>	Housing Inspection/Substandard Certification
<input type="checkbox"/>	Ineligible Properties – The total debt must be less than the appraised price.
<input type="checkbox"/>	Work Write-up and Cost Estimate
<input type="checkbox"/>	Contractor Bidding Negotiations – Minimum- 3 Bids
<input type="checkbox"/>	Contractor Signing/Pre-Construction Conference – 15 days to begin work and 90 days complete work
<input type="checkbox"/>	Progress Inspections
<input type="checkbox"/>	Change Orders
<input type="checkbox"/>	Payment Schedule
<input type="checkbox"/>	Appeal Process – Property Improvements
<input type="checkbox"/>	Final Inspection
<input type="checkbox"/>	Recorded Mortgage, Mortgage Note/Lien
	Income Eligibility Certification
<input type="checkbox"/>	Verification documentation required
<input type="checkbox"/>	Eligible Income/Ineligible Income
<input type="checkbox"/>	Appeal Process – Income Eligibility
	Contractor Related Procedures
<input type="checkbox"/>	Standards for contractor selection – 3 recent job references, licenses, evidence of financial stability , workmen’s compensation, BI and PD \$500,000 minimum
<input type="checkbox"/>	At least 3 proposals required – –15 days in which to submit bid – bids must fall within max of 20% of cost estimate – award to lowest bidder
<input type="checkbox"/>	Contractor Requirements – work schedule and agreement
<input type="checkbox"/>	List of Pre-qualified Contractors

	Maintenance of Records
<input type="checkbox"/>	List documents to be filed
<input type="checkbox"/>	Rehabilitation Log
<input type="checkbox"/>	Monitoring Information required
	Program Marketing
<input type="checkbox"/>	Notice of Public Hearing
<input type="checkbox"/>	Program Flyer
<input type="checkbox"/>	Program Brochure
	Rental Units
<input type="checkbox"/>	Include overview of local rental process
<input type="checkbox"/>	Affirmative Marketing
<input type="checkbox"/>	Approved Affirmative Marketing Plan included
<input type="checkbox"/>	Marketing of re-rentals
<input type="checkbox"/>	
<input type="checkbox"/>	Rehabco to implement marketing of re-rentals
<input type="checkbox"/>	Sample marketing materials, including a sample display ad and PSA
<input type="checkbox"/>	Random Selection & Applicant Pool
<input type="checkbox"/>	Preliminary income eligibility will be required prior to the lottery process
<input type="checkbox"/>	A pool of applicants will be maintained
<input type="checkbox"/>	Applicant pools will be by bedroom size and income
	Matching Households to Available Units
<input type="checkbox"/>	Households will be matched to available units according to COAH guidelines
<input type="checkbox"/>	Household Certification
<input type="checkbox"/>	Standards for reviewing applicant household eligibility and certifying applicant households
<input type="checkbox"/>	Verification documentation required
<input type="checkbox"/>	Eligible Income/Ineligible Income
<input type="checkbox"/>	Maximum Monthly Payment
<input type="checkbox"/>	Housing Counseling
<input type="checkbox"/>	Basis for Dismissing Applications
<input type="checkbox"/>	Appeals – Income Eligibility
<input type="checkbox"/>	Determining Affordable Rents
<input type="checkbox"/>	Determining Initial Rents
<input type="checkbox"/>	Determining Rent Increases
<input type="checkbox"/>	No Application Fees
<input type="checkbox"/>	Violations, Defaults and Remedies
<input type="checkbox"/>	Maintenance of Records for Rental Program
<input type="checkbox"/>	Lists documents to be filed
<input type="checkbox"/>	Monitoring information
<input type="checkbox"/>	Appendices
<input type="checkbox"/>	Mortgage
<input type="checkbox"/>	Deed (Rental Units)

Table of Contents

Introduction

- A. Fair Housing and Equal Housing Opportunities

Section I. Eligible Participants

- A. Categories of Participants
- B. Income Limits for Participation
- C. Target Neighborhood
- D. Certification of Substandard

Section II. Available Benefits

- A. Program Financing
- B. Owner-occupied Units
- C. Renter-occupied Units
- D. Program Affordability Controls
- E. Owner-occupied Affordability Controls
- F. Renter-occupied Affordability Controls

Section III. Eligible Property Improvements

- A. Eligible Improvements
- B. Ineligible Improvements
- C. Rehabilitation Standards
- D. Certification of Standard

Section IV. Overview of Administrative Procedures

- A. Application/Interview
- B. Income Eligibility and Program Certification
- C. Housing Inspection/Substandard Certification
- D. Cost Estimate
- E. Contractor Bidding Negotiations
- F. Contract Signing/Pre-Construction Conference
- G. Progress Inspections
- H. Change Orders
- I. Payment Schedule
- J. Appeal Process – Property Improvements
- K. Final Inspection
- L. Record Mortgage Documentation
- M. File Closing

Section V. Procedure for Income-Eligibility Certification

- A. Complete a Household Eligibility Determination Form
- B. Certify the Household Income Eligibility
- C. Records Documenting Household Composition and Circumstances
- D. Appeal Process – Income Eligibility

Section VII

- A. Prior Participants
- B. Mobile Homes
- C. Mortgage Subordination

Section VII. Contractor Related Procedures

- A. Contractor Selection
- B. Number of Proposals Required
- C. Contractor Requirements

Section VIII. Maintenance of Records and Client Files

- A. Files To Be Maintained on Every Applicant
- B. Rehabilitation Log
- C. Monitoring Information

Section IX. Program Marketing

INTRODUCTION

The Bridgewater Township Housing Rehabilitation Program Operating Manual has been prepared to assist in the administration of the Bridgewater Township Housing Rehabilitation Program. It will serve as a guide to the program staff and applicants.

Bridgewater Township's Housing Rehabilitation Program is administered by Rehabco, Inc., an experienced company, that has provided rehabilitation services for over 30 years.

This manual describes the basic content and operation of the program, examines program purposes and provides the guidelines for implementing the program. It has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations and/or procedures.

This manual explains the steps in the rehabilitation process. It describes the eligibility requirements for participation in the program, program criteria, funding terms and conditions, cost estimating, contract payments, record keeping and overall program administration.

The following represents the procedures developed to offer an applicant the opportunity to apply to the program.

A. Fair Housing and Equal Housing Opportunities



It is unlawful to discriminate against any person making application to participate in the rehabilitation program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or <http://www.state.nj.us/lps/dcr/index.html>.

SECTION I. ELIGIBLE PARTICIPANTS

A. Categories of Participants

Owner-occupied housing and rental units in the Township of Bridgewater are eligible to receive funding for housing rehabilitation provided that the occupants of the units are determined to be low- or moderate-income households and that the units are determined to be substandard. The lien/mortgage will be “forgivable” after a period of ten (10) years.

B. Income Limits for Participation

The occupants of the units must have incomes that fall within the income guidelines established annually for Somerset County by the NJ Department of Community Affairs (DCA) and the Affordable Housing Professionals of New Jersey (AHPNJ) or NJ Superior Court.

For owner-occupied units, the carrying costs of the unit (taxes, mortgage and insurance) should meet DCA criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

The Bridgewater Housing Rehabilitation Program will strive to provide that low-income households occupy at least 50 percent of the units rehabilitated. The Bridgewater Housing Rehabilitation Program is funded with Township affordable housing funds. NJDCA income limits are therefore utilized.

C. Program Area

This is a municipal-wide program. The rehabilitation property must be located in Bridgewater Township.

D. Certification of Substandard

The purpose of the program is to bring substandard housing up to code. Code violations will be determined by an inspection conducted by a qualified housing inspector. Substandard units are those units requiring repair or replacement of at least one major system. A major system is any one of the following:

1. Roof
2. Plumbing (including wells)
3. Heating
4. Electrical
5. Sanitary plumbing (including septic systems)
6. Load bearing structural systems
7. Lead paint abatement
8. Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

SECTION II. AVAILABLE BENEFITS

A. Program Financing

Up to \$10,000 per unit may be available for improvements to eligible owner-occupied and renter-occupied units.

B. Owner-occupied Units

All funds are provided on a first-come, first-served basis from the Township and said funds are finite for the rehabilitation of the owner-occupied units.

Housing rehabilitation investment will average at least \$10,000 per unit.

Financing of Bridgewater's Housing Rehabilitation Program is structured to encourage rehabilitation and continued occupancy. If an owner-occupied housing unit is sold prior to the end of the controls on affordability, the entire deferred loan/grant is recaptured and used to rehabilitate another housing unit, unless the unit is sold to a low- or moderate-income household at an affordable price pursuant to N.J.A.C. 5:94-7.

C. Owner-occupied Affordability Controls

On owner-occupied units, the controls on affordability are in the form of mortgage, mortgage note/lien.

D. Subordination

Bridgewater Township will agree to the subordination of a loan if the mortgage company supplies an appraisal showing that the new loan plus the balance of the old loan does not exceed 95% of the appraised value of the unit. Additionally, for an owner-occupied unit, the household must be re-certified as low- or moderate-income. Bridgewater Township's deferred loan will be in 2nd position to the primary mortgage, all subordinations must be approved by the Bridgewater Township Committee.

SECTION III. ELIGIBLE PROPERTY IMPROVEMENTS

A. Eligible Improvements

Housing rehabilitation funds may be used only for repairs or system replacements necessary to bring a substandard unit into compliance with municipal health, safety and building codes, applicable code violations, as well as any other cosmetic work that is reasonable and deemed necessary or is related to the necessary repairs.

At least one major system must be replaced or included in the repairs, which include one of the following:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Lead paint abatement
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may include, but not be limited to the following:

- Interior trim work,
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatment
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for housing rehabilitation funding includes, but is not limited to, luxury improvements (improvements which are strictly cosmetic), additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools and landscaping. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. Rehabilitation work performed by property owners will not be funded under this program.

C. Rehabilitation Standards

Upon rehabilitation, housing deficiencies will be corrected and the unit will comply with the New Jersey State Housing Code, N.J.A.C. 5:28. For construction projects that require the issuance of a construction permit pursuant to the Uniform Construction Code, the unit must also comply with the requirements of the Rehabilitation Subcode (N.J.A.C. 5:23-6). In these instances, the more restrictive requirements of the New Jersey State Housing Code or the Rehabilitation Subcode will apply. For projects that require construction permits, the rehabilitated unit will be considered complete at the date of final approval pursuant to the Uniform Construction Code.

D. Certification of Standard

All code deficiencies noted in the inspection report must be corrected and rehabilitated units must be in compliance with the standards proscribed in sub-section C. above upon issuance of a certificate of completion or occupancy. The qualified inspector must certify any structure repaired in whole or in part with rehabilitation funds to be free of any code violations.

In instances where basic health and safety and building code violations exceed program funding caps (\$10,000) the home will be referred to the Township Administration for referral to the Township Building Inspections Department or Health Department for consultation but will not be approved for funding.

SECTION IV. OVERVIEW OF ADMINISTRATIVE PROCEDURES

A. Application/Interview

Property owners interested in participating in the housing rehabilitation program may submit applications to the program staff after said application is downloaded from our website at www.rehabconj.com. Applications are available at the following locations:

Bridgewater Township Administrator's Office
located at Bridgewater Town Hall
100 Commons Way, Bridgewater NJ 08807
Phone: (908) 725-6300

-or-

Rehabco, Inc. Office
44 East Water Street
Toms River NJ 08753
Email: Rehabco@aol.com
and applications at www.rehabconj.com
Phone: (732) 477-7750

Upon request, the program staff will direct all interested parties that the housing rehabilitation application is available on our website to download, complete and mail back to our offices with all supporting documentation.

If after the program staff reviews the application an owner-occupant appears to be income eligible, correspondence and a phone call will follow to the applicant. The applicant must present required documentation in order to be eligible to the program.

Applications will be processed in the order of receipt.

<p>The Program will deviate from the rank order for emergency situations as stated above. Only emergency situations are handled out of the order of receipt.</p>

B. Income Eligibility and Program Certification

For the households seeking a determination of income eligibility, both owner-occupants and renter-occupants, all wage earners 18 years of age or older in the household must submit appropriate documentation to document the household income, as further described below.

Property owners of both owner-occupied and renter-occupied units must submit the following documentation:

- Copy of the deed to the property.
- Proof that property taxes and water and sewer bills are current.

- Proof of property insurance, including liability, fire and flood insurance where necessary.
- Signed copies of the previous year's Federal and State Income Tax Returns.
- Documentation of all taxable and non-taxable income received by all household members. This includes: Wages (pay stubs), Pension, Annuity, Disability, Unemployment, Social Security & Supplemental, Interest, Dividends, Welfare, Alimony, Child Support, Capital Gains, Business Income, Rental Property Income, Public Assistance, Income received from child care or home cleaning etc.
- Income documentation for household minors and full-time students is required, but will be waived in determining household gross annual income.

If, after review of the income documentation submitted an applicant is determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant may be determined ineligible if the applicant's income exceeds DCA income limits or, for owner occupied units, if the carrying costs of the unit (taxes, mortgage, insurance exceed NJDCA's criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

After the initial interview (which may be held in person or over the phone) and the program staff has substantiated that the occupant is income-eligible, a Letter of Eligibility will be forwarded to the applicant.

Upon confirmation of income- eligibility of the applicant, the program staff will send a letter to the applicant certifying the applicant's and or tenant's eligibility. Eligibility will remain valid for six months. If the applicant has not signed a contract for rehabilitation within six months of the date of the letter certifying eligibility, the applicant will be required to reapply for certification.

C. Housing Inspection/Substandard Certification

Once determined eligible, the program staff will arrange for a qualified housing/building code inspector to inspect the entire residential property.

The program inspector will inspect the house, take photographs, and certify that at least one major system is substandard. All required repairs would be identified.

D. Ineligible Properties

If after review of the property documentation submitted and the inspection report and/or work write-up an applicant's property is determined to be ineligible, the program staff will send a letter delineating the reasons for the determination of ineligibility. An applicant's property may be determined ineligible for any one of the following reasons:

- Property does not need sufficient repairs to meet eligibility requirements.
- Real estate taxes are in arrears.

- Proof of property insurance not submitted.
- Property is listed for sale.
- Property is in foreclosure.
 - Total debt on the property will exceed the value of the property.
- The property far exceeds available program caps and/or is near condemnation.

If after review of the property documentation submitted and the inspection report and/or work write-up an applicant's property is determined to be eligible, the inspector will then certify that the dwelling is substandard by completing and signing the appropriate form and submitting this to the program staff.

E. Cost Estimate

The program staff will prepare or cause to be prepared a Work Write-up and Cost Estimate. This estimate will include a breakdown of each major work item by category as well as by location in the house. It will contain information as to the scope and specifics on the materials to be used. A Cost Estimate will be computed and included within the program documentation. The program staff will review the Preliminary Work Write-up with the property owner.

Only required repairs to units occupied by income eligible households will be funded through the housing rehabilitation program.

F. Contractor Solicitation

After the unit and the unit occupant have been certified as eligible, the program staff will solicit the project to the general contracting public through various forms of printed and electronic media. The project solicitation opening will be arranged and coordinated by Rehabco Inc. at their offices or at Bridgewater Town Hall. Rehabco will review the solicitations for price and suitability. The lowest responsible trade contractor will then be selected. If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner must pay the difference between the lowest bid price and the bid price of the selected contractor.

G. Resolution of Approval/ Contract Signing/Pre-Construction Conference

Rehabco staff will communicate with the Township Administrator the successful price submitted by the lowest responsible contractor and move the matter to the Township Clerk for resolution approval by the Mayor and Township Committee. After the approval of the project by Township resolution, a Contractor Agreement will be prepared by the program staff, as well as the Property Rehabilitation Agreement covering all the required terms and conditions.

Rehabco will then enable all parties to sign the pre-construction document through Docusign. Documents to be executed at the Pre-construction Conference include: Contractors Agreement(s) and a Mortgage/Lien and Mortgage Note. The property owner, program staff representative and contractor will execute the appropriate documents and copies will be provided. A staff member will outline project procedures to which property owner must adhere. A Proceed to Work Order, guaranteeing that the work will commence within fifteen (15) calendar days of the date of the conference and be totally completed within ninety (90) days from the start of work, will be issued to each contractor at this Conference.

H. Progress Inspections

The program staff will make periodic inspections to monitor the progress of property improvements. This is necessary to ensure that the ongoing improvements are in accordance with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Building Inspector before closing up walls on plumbing and electrical improvements.

I. Change Orders

If it becomes apparent during the course of construction that additional repairs are necessary or the described repair needs to be amended, the program staff will have the qualified professional(s) inspect the areas in need of repair and prepare a change order describing the work to be done. The applicant and the contractor will review the change order with the program staff and agree on a price. Once all parties approve of the change order and agree on the price, they will sign documents amending the contract agreement to include the change order. Additionally, if the applicant is not funding the additional cost, new financing documents will be executed reflecting the increase. All Change Orders to be approved by the Township Committee.

J. Payment Schedule

The contract will permit, if contractor would prefer, a 50% Progress and 50%Final payments, on projects of \$10,000, or one lump sum payment at the completion of the project. If the project costs less than \$10,000, 100% payments will be released upon completion of the project. The remaining payments are divided accordingly. First payment is made when the project is 50 percent completed. Second payment is made when the project is 50 percent completed. The contractor will submit a payment request. The applicant will sign a payment approval if both the applicant and housing/building inspector are satisfied with the work performed. The municipality will then release the payment.

Final payment will be released once all final inspections are made, a Certificate of Occupancy is issued (if applicable) and the program staff receives a Property Owner Final Inspection Report.

K. Appeal Process

If an applicant does not approve a payment that the housing/building inspector has approved, the disputed payment will be appealed to the municipality's Building Inspector.

The municipality's Building Inspector will decide if the payment is to be released to the contractor or the contractor must complete additional work or correct work completed before the release of the payment. The municipality's Building Inspector decision will be binding on both the applicant and the contractor

L. Final Inspection

Upon notification by the contractor that all work is complete and where required a Certificate of Occupancy has been issued, a final inspection is conducted and photographs taken. The program staff (or a representative), the property owner, and the necessary contractors must be present at the final inspection to respond to any final punch list items.

M. Record Restricted Covenant and Mortgage Documentation

Program staff will file the executed Mortgage/Mortgage Note/Lien with the County Clerk.

N. File Closing

After the final payment is made, the applicant's file will be closed by the program staff and rendered to the Township for filing in the official records archive.

SECTION V. PROCEDURE FOR INCOME-ELIGIBILITY CERTIFICATION

A. Complete a Household Eligibility Determination Form

The Bridgewater Housing Rehabilitation program is funded with Township Housing Trust funds. The NJDCA income limits and NJDCA's income qualifying process will be utilized.

The program staff will require each member of an applicant household who is 18 years of age or older to provide documentation to verify income, pursuant to the Uniform Housing Affordability Controls at N.J.A.C. 5:80-16.1 et seq. (except for the asset test).¹ Income verification documentation should include, but is not limited to the following for each and every member of a household who is 18 years of age or older:

- Four current consecutive pay stubs [including both the check and the stub], including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
- Copies of Federal and State income tax returns for each of the preceding three tax years - A Form 1040 Tax Summary for the past three tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.
- A letter or appropriate reporting form verifying monthly benefits such as
 - Social Security or SSI – Current award letter or computer print out letter
 - Unemployment – verification of Unemployment Benefits
 - Welfare -TANF² current award letter
 - Disability - Worker's compensation letter or
 - Pension income (monthly or annually) – a pension letter
- A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court or education scholarship/stipends – current award letter.
- Current reports of savings and checking accounts (bank statements and passbooks) and income reports from banks or other financial institutions holding or managing trust funds, money market accounts, certificates of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates).

¹ Asset Test – N.J.A.C. 5:80-26.16(b)3 which provides that if an applicant household owns a primary residence with no mortgage on the property valued at or above the regional asset limit as published annually by COAH, a certificate of eligibility shall be denied by the administrative agent, unless the applicant's existing monthly housing costs ...exceed 38 percent of the household's eligible monthly income.

² TANF – Temporary Assistance for Needy Families

- Evidence or reports of income from directly held assets, such as real estate or businesses.
- Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.
- Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating Current Mortgage Balance. For rental property attach copies of all leases.

Rehabco uses an income chart/worksheet to help calculate an applicant's income. This summarizing document will prove useful in the event there is an appeal or question by the applicant concerning the calculation or during COAH monitoring visits. An applicant has 30 days to complete the submission of all required documentation.

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household's income are listed under Income. Those that are not considered as part of the household's income are listed under Not Income.

Income

1. Wages, salaries, tips, commissions
2. Alimony
3. Regularly scheduled overtime
4. Pensions
5. Social security
6. Unemployment compensation (verify the remaining number of weeks they are eligible to receive)
7. TANF
8. Verified regular child support
9. Disability
10. Net income from business or real estate
11. Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
12. Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
13. Rent from real estate is considered income
14. Any other forms of regular income reported to the Internal Revenue Service

Not Income

1. Rebates or credits received under low-income energy assistance programs
2. Food stamps
3. Payments received for foster care
4. Relocation assistance benefits
5. Income of live-in attendants
6. Scholarships
7. Student loans
8. Personal property such as automobiles
9. Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
10. Part-time income of dependents enrolled as full-time students
11. Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months.

Student Income

Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour workweek.

Income from Real Estate

If real estate owned by an applicant for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount is counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, Rehabco will determine the imputed interest from the value of the property. Rehabco will deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

B. Records Documenting Household Composition and Circumstances

The following are various records for documenting household information:

- Social Security records or cards. Either individual Social Security card or letter from Social Security Administration
- Adoption papers or legal documents showing adoption in process
- Income tax return
- Birth Certificate or Passport
- Alien Registration Card

C. Certify

Bridgewater will certify the income eligibility of low- and moderate-income households by completing the application form and will provide the household with the original and keep a copy in the project files.

D. Appeals

An applicant's appeal regarding the Administrative Agent's (Rehabco, Inc.) initial determination of program income eligibility will be made to the Township Administrator. The Township Administrator will gather all pertinent information from the Administrative Agent's file, understand the income certification process as included in this Manual and make a determination as to income eligibility of the applicant. This may or may not correspond to the initial determination of eligibility. Further appeals from all decisions of the Township Administrator must be made in writing to Bridgewater Township Committee.

SECTION VI. MISCELLANEOUS PROGRAM ELEMENTS

A. Prior Participants

Applicants cannot reapply to the Program while there is a Bridgewater Township Housing Rehabilitation Program Deferred Loan Lien recorded against their property as follows:

1. The project was awarded a standing Deferred Loan.
2. A project was awarded a Deferred Loan(s) for both “Emergency Work” and remaining work items. If only “Emergency Work” has been completed, this will not apply until after the remaining work items have been contracted (when the application reaches the top of the Applicant Log List).

B. Mortgage Subordination

In instances where program participants (those who have received a loan/grant through the Township’s Housing Rehabilitation Program) require the program’s Mortgage/Lien to subordinate to a personal mortgage which either refinances their original mortgage; a loan is obtained, or their original mortgage is re-structured, the Township may agree to subordinate mortgage ranking. If this indeed is the case, the Township reserves the right to; a) charge a \$150 fee, and increase said fee in \$100 increments for each act of subordination, b) bar any subordinations within (6) months prior to the scheduled date of forgiveness of deferred loan, c) grant the Township Attorney’s Office thirty (30) days from date of request and payment of fee, to review a mortgage subordination request, d) grant the Township’s Chief Financial Officer (CFO) or Township Clerk to execute said mortgage subordination with the consent of the Township Attorney, and with specific Governing Body authorization through resolution approval.

SECTION VII. CONTRACTOR RELATED PROCEDURES

A. Contractor Selection

All general contractors are permitted to solicit projects through the Bridgewater Township Housing Rehabilitation Program, however contractors must arrange for an appointment with Rehabco Inc., the program's administrator, to ensure that the contractor is familiar with all procedures and policies of the program. Contractors must carry workmen's compensation coverage and liability insurance of at least \$1,000,000 for bodily injury, death or property damage. Only licensed tradesmen will be permitted to perform specialty work such as plumbing, heating and electrical. All contractors must obtain a "NJ Business Registration" certificate from the NJ Department of Treasury in order to solicit projects through the program and other documentation required in the bid solicitation process.

B. Number of Proposals Required

Contractors must visit the property and submit solicitations prior to the opening date. The contract will be awarded to the lowest bidder³, provided that the housing/building inspector or the professional who drafted the work write-up certify that the work can be completed at the price bid and that the bid is reasonably close to the cost estimate.

C. Contractor Requirements

Upon notification of selection, the contractor must submit all required insurance certification to the program staff. A contract signing conference will be called by the program staff to be attended by the property owner and contractor. At the time of Agreement execution, the contractor will sign a Contract prepared by the program staff. A "Business Registration Certificate" must be obtained by all contractors.

³If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner must pay the difference between the lowest bid price and the bid price of the selected contractor.

SECTION VIII. MAINTENANCE OF RECORDS

A. Files To Be Maintained on Every Applicant

Rehabco will maintain files on every applicant. All files will contain a preliminary application. If an applicant's preliminary application is approved, and the applicant files a formal application, the file will contain at a minimum:

- Application Form
- Tenant Information Form (Rental Units Only)
- Income Verification
- Letter of Certification of Eligibility or Letter of Determination of Ineligibility

B. Files of applicants approved for the program will also contain the following additional documentation:

- Housing Inspection Report
- Photographs - Before
- Certification of Property Eligibility or Determination of Ineligibility
- Proof of Homeowners Insurance
- Copy of Deed to Property

C. For properties determined eligible for the program where the applicants choose to continue in the program, the files will contain the following:

- Work Write-Up/Cost Estimate
- Copies of Bids
- Applicant/Contractor Contract Agreement
- Recorded Mortgage, Mortgage Note/Lien Documents
- Copies of All Required Permits
- Contractor Requests for Progress Payments
- Progress Payment Inspection Reports
- Progress Payment Vouchers
- Change Orders (If needed)
- Final Inspection Report
- Photographs - After
- Certification of Completion
- Certification of Release of Contractor's Bond

Individual files will be maintained throughout the process by the administrative agent, Rehabco, and then transferred to municipal officials for retention when the last HOUSING rehabilitated unit is completed.

D. Rehabilitation Log

A rehabilitation log will be maintained by the program staff that depicts the status of all applications in progress.

E. Monitoring

For each unit the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Owner/Renter
- Income: Very Low/Low/Mod
- Final Inspection Date
- Funds expended on Hard Costs
- Development Fees expended
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (yrs)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

SECTION IX. PROGRAM MARKETING

If required, the municipality will conduct a public meeting announcing the implementation of the housing rehabilitation program. For the term of the program, the municipality will include flyers once a year with the specifics of the housing rehab program. Program information will be available on Rehabco's website at www.rehabconj.com at the municipal building, library, and senior center and on the municipal website. Posters regarding the program will be placed in retail businesses throughout the municipality.

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EXHIBIT J

**A RESOLUTION ADOPTING AN AFFORDABLE HOUSING
OPERATING MANUAL**

WHEREAS, pursuant to the Fair Housing Act, N.J.S.A. 52:27D-301, *et seq.* (“FHA”), the Township of Bridgewater is required to adopt an affordable housing administrative agent operating manual for the Township’s affordable housing program (“manual”) by March 15, 2026, and

WHEREAS, a manual dated February 2026, has been prepared and is annexed hereto as Exhibit A; and

WHEREAS, the Township seeks to comply with all aspects of the FHA in order to obtain a Compliance Certification and immunity from exclusionary zoning and builder’s remedy lawsuits.

NOW, THEREFORE, BE IT RESOLVED on this 5th day of March, 2026, by the Council of the Township of Bridgewater, Somerset County, State of New Jersey, as follows:

1. The operating manual for the administration of the Township’s housing rehabilitation program attached hereto as Exhibit A is hereby adopted.
2. This resolution shall take effect immediately.

Introduced	Seconded	Council	Aye	Nay	Abstain	Absent
	✓	Bucko	✓			
		Isla	✓			
		Kirsh	✓			
✓		Ring	✓			
		Geiger	✓			

Adopted: March 5, 2026

I hereby certify this is a true and exact copy of a resolution adopted by the Bridgewater Township Council on March 5, 2026

Grace W. Njuguna

Grace Njuguna, RMC, Township Clerk

Township of Bridgewater

Affordable Housing Administrative Agent Policies & Procedures Manual

February 2026

Administration of Affordable Units

As administered by:



Rehabco Inc.
44 East Water Street
Toms River NJ 08753
732 477-7750

Township of Bridgewater Administration of Affordable Units Operating Manual

Executive Summary	1
I. INTRODUCTION	2
A. What is Affordable Housing?	2
B. Who Qualifies for Affordable Housing?	3
Figure 1: Affordable Housing Regions	3
C. Equal Housing Opportunity	3
II. CREATION OF NEW UNITS.....	4
A. Review Project Requirements	4
B. New Purchase Units	4
1. Initial Pricing and Bedroom Distribution of Purchase Units	4
2. Deed Restriction	5
C. New Rental Units	5
1. Initial Pricing and Bedroom Distribution of Rental Units.....	5
2. Mandatory and Optional fees.....	5
3. Deed Restriction.....	6
4. Application Fees	6
5. Security Deposit	6
6. Tenant Selection Criteria.....	7
D. Project Monitoring	7
III. Marketing of Units, Waiting List, and Matching Households to Available Units	7
A. Preliminary Application	7
B. Random Selection and Waiting List Priority	7-8
1. Private Outreach.....	8
Figure 3: Additional Factors Impacting Waiting List Priority	9

D. Determining Preliminary Eligibility.....	10
1. Regional Preference.....	10
2. Determining Household Composition.....	10
Figure 4: Determining Household Size (Number of Members).....	10
3. Maximum Income Limits.....	11
4. Minimum Income Requirements.....	11-12
5. Minimum Down Payment (Ownership Only).....	12
6. Regional Asset Limit.....	12
Figure 5. Minimum Income Calculation.....	13
7. Separated Applicants.....	13
E. Annual Updates.....	14
F. Full Application.....	14
G. Removal from the Waiting List.....	14
H. Income Certified Applicants on the Waiting List.....	14
IV. Determining Income Eligibility.....	15
A. What is Considered Income.....	15
Figure 6: Income Sources Counted in Income Eligibility.....	15
Figure 7: Income Sources NOT Counted in Income Eligibility.....	16-18
B. Proof of Income and Other Supporting Documents.....	18
Figure 8: Required Supporting Documents.....	19
C. Final Eligibility Determinations.....	19-20
D. Misrepresentation of Information in Application.....	20
E. Changes to Income and/or Household Composition after Submittal.....	20
V. Ownership Program.....	20
A. Selling an Affordable Home.....	21
1. Request an Intent to Sell Package.....	21
2. Calculate the MRSP (Maximum Restricted Sales Price).....	21
3. Start Affirmative Marketing Process.....	21

B. Buying an Affordable Home.....	22
1. Preliminary Application and Prescreen.....	22
2. Income Certification.....	22
3. Mortgage Provider.....	22
4. Down Payment.....	22
5. Separated Spouses.....	23
6. Cosigners on Deeds and/or Mortgages Are Not Permitted.....	23
C. Purchase Agreement and Contracts For Sale.....	23
1. MRSP and “Extras”	23
2. Accepting and Rejecting Offers	24
3. Good Faith Deposit/Earnest Money	24
4. Purchase Agreement and Income Certification.....	24
Figure 9: Purchase Agreement Signed After Income Certification.....	24
Figure 10: Purchase Agreement with Non-Income Certified Buyer.....	25
D. Attorneys.....	25
E. Realtors.....	25
F. Coordination of Closing.....	25
1. Required Legal Documents.....	25
2. Resale of Affordable Units: Requirement for a Market Rate Appraisal.....	25-26
Figure 11: Legal Documents for Ownership Units.....	26
3. Closing Fees.....	26
4. Closing Checklist.....	26-27
G. Refinance Requests.....	27-28
H. Annual Mailing.....	28
I. Report that Owner is Not Living in the Unit and/or Renting Unit.....	28
J. Non-payment of Condominium/Homeowner Association Dues, Taxes, Mortgages, and Foreclosure. .	
K. Waivers.....	29
1. Request to Rent Affordable Unit.....	29
2. Request to Sell to a Higher Income Household.....	29-30
L. Requests for Improvements.....	30

M. Transfer of Ownership to Non-Income Certified Owner.....	30-31
N. Enforcement.....	31
VI. Rental Program.....	31
A. Filling Affordable Rental Vacancy.....	31
1. Landlord Notices of Vacancy.....	31
2. Calculating the Maximum Rent at Vacancy.....	31
3. Referring Applicants to Landlord.....	31
Figure 12: Rental Income Certification Process.....	32
4. Income Certification and Signing the Lease.....	32
B. Lease Renewals.....	32
C. Adding Additional Household Members to the Lease.....	32-33
D. Income Designation of Units Are Fixed.....	33
E. Evictions.....	33
F. Enforcement.....	33
VII. Appeals.....	33
VIII. Enforcement.....	33-34
A. Written Notice.....	34
B. Penalties.....	34
C. Sheriff Sale.....	34-35
GLOSSARY.....	36-41
Appendix A: Annual Information Update.....	42
Methodology for Calculating Rent Increases.....	43-44

Executive Summary

This **Operating Manual**, prepared for Township of Bridgewater hereafter referred to as “Municipality”, (1) sets forth the policies and procedures for placing eligible individuals and families into the Municipality’s affordable units and (2) provides instructions for working with developers, owners and landlords as new affordable units become available. This document is designed to ensure compliance with the State’s Uniform Housing Affordability Controls (“UHAC”) (N.J.A.C. 5:80-26.1 et seq.) and with the Municipality’s Affordable Housing Ordinance, its Affirmative Marketing Plan if applicable, and other local laws and requirements. In addition to being a valuable tool for the Municipality’s Administrative Agent and Municipal Housing Liaison as we implement Affordable Housing in the Municipality, it will also be a resource for other Affordable Housing professionals and interested members of the public to understand the intricacies of implementing a program such as this.

This manual details the tasks involved in the day-to-day administration of Affordable Housing units under the direct control and oversight of the Municipality. This document covers how new units are created and priced and how units are marketed to prospective applicants. Other information includes the following: waiting list and random selection procedures; required and permitted preferences; procedures for determining income eligibility; resale by income-eligible owners of affordable property to other eligible buyers; process for property managers to fill affordable rental vacancies; refinancing and mortgage modification procedures; waivers of program requirements. The administrative steps outlined in this manual are the thread that holds the fabric of the entire program together, setting out the fundamental obligations and responsibilities of the program administrators.

The **Glossary** at the end of this Operating Manual provides definitions of terms, abbreviations and acronyms used throughout the Operating Manual.

I. INTRODUCTION

The purpose of this manual is to describe the policies and procedures used to create Affordable Housing units in the Municipality and fill them with income-eligible families.

The policies outlined in this manual are derived from UHAC (N.J.A.C. 5:80-26.1 et seq.) This manual does not include all provisions of UHAC, and UHAC is a companion document to this manual. Instead, this manual highlights instances where additional guidance is provided by the New Jersey Department of Community Affairs' staff or by local ordinance. The manual also provides additional clarification and direction on items that are not in UHAC in order to ensure fairness to applicants, owners, and renters.

A. What is Affordable Housing?

Affordable Housing, unlike market-rate housing, has affordability controls establishing initial set prices and rents, and then controlling annual increases for many years. For example, new units that fall under these controls will be restricted for at least 30 years. The New Jersey Affordable Housing rules consider housing to be "affordable" if the household¹ expends approximately 28% or less of the household's gross income on housing costs. See footnote below and Glossary for definition of "**Household**." Affordable Housing is priced to be affordable to households earning up to 80% of the area median income for the region in which the Affordable Housing is located.

An Affordable Housing unit for the purposes of this manual can be specifically defined herein as "a housing unit proposed or created pursuant to the [Fair Housing] Act, credited pursuant to N.J.A.C. 5:97-4, and/or funded through an affordable trust fund." ("**Affordable Unit**").

The Affordable Units referenced in this manual are not the same as public housing units that are funded largely by governmental programs such as those administered by the U.S. Department of Housing and Urban Development ("**HUD**") programs and that are owned, operated and managed by a public housing authority ("**PHA**"). As defined by HUD, "public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high rise apartments for elderly families. There are approximately 1.2 million households [in the US] living in public housing units[.]"² Some municipalities create their own PHAs which operate and manage public housing within the municipality.

¹ In accordance with US Department of Housing and Urban Development ("**HUD**") definitions and UHAC practice, "**household**" references the number of persons in the unit and not the size of the unit. See for example, HUD's definition of household as "[o]ne or more persons occupying a housing unit" -- in other words, the number of persons in the home. HUD website accessed June 13, 2016. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary/, HUD accessed June 13, 2016. See also, UHAC regulation N.J.A.C. 5:80-26.4, "In determining the initial rents and initial sales prices for compliance with the Affordability Average requirements for restricted units ... the following standards shall be used: 1. A studio shall be affordable to a one-person household." (Emphasis added).

B. Who Qualifies for Affordable Housing?

To be eligible for Affordable Housing in New Jersey, a household's income must be below the established income limit for the region in which the Affordable Housing is located. There are three eligibility levels: very low, low, and moderate. A moderate-income household is classified as earning less than 80 percent of the area median income. A low-income household is classified as earning less than 50 percent of area median income, and a very low-income household is classified as earning less than 30 percent of median income. See Glossary for definitions of "**Low-Income Household**" and "**Very Low-Income Household**". There are different median incomes in each of the six Affordable Housing regions shown in Figure 1 below, with the Township of Bridgewater located in Region 3. The income limits are adjusted annually.

Figure 1: Affordable Housing Regions

Regions	Counties
1	Bergen, Hudson, Passaic, Sussex
2	Essex, Morris, Union, Warren
3	Hunterdon, Middlesex, Somerset
4	Mercer, Monmouth, Ocean
5	Burlington, Camden, Gloucester
6	Atlantic, Cape May, Cumberland, Salem

C. Equal Housing Opportunity

Title VIII of the Civil Rights Act of 1968 (the "**Fair Housing Act**"), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability.

The New Jersey Law Against Discrimination ("**LAD**") prohibits discrimination when selling or renting property. The law covers owners, agents, employees and brokers and makes it unlawful to refuse to rent, show or sell property based on a person's race, creed, color, national origin, nationality, ancestry, marital status, domestic partnership or civil union status, familial status, affectional or sexual orientation, gender identity or expression, sex, or mental and physical disability, including AIDS and HIV-related illness. In addition, the LAD prohibits discrimination in the housing context based on one's source of lawful income or rent subsidy.

² http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph, US HUD Website, accessed June 7, 2016.

II. CREATION OF NEW UNITS

This manual applies to UHAC eligible units whether for rent or for purchase, 100 percent affordable developments, market-to-affordable projects, gut-rehab projects, and other innovative Affordable Housing mechanisms. It does not apply to projects exempt from UHAC including low income housing tax credit projects and group homes. (See UHAC for a full list of exempt programs.)

A. Review Project Requirements

When a new project is planned, the administrative agent designated by the Municipality for the administration of Affordable Units (the “**Administrative Agent**”) will gather the information outlined in Figure 2. The first step is to review development approvals and/or developer agreements, the Housing Element and Fair Share Plan, and the municipal Affordable Housing Ordinance including its Affirmative Marketing Requirements if applicable.

B. New Purchase Units

1. Initial Pricing and Bedroom Distribution of Purchase Units

The Administrative Agent will determine the initial pricing stratification in compliance with UHAC³. The pricing calculation will take into consideration costs that exist at that time including such factors as the mortgage rate, tax rate, equalization ratio, condominium/homeowner association fee, and Private Mortgage Insurance (“**PMI**”). PMI must be included in the pricing calculation even if a new development will provide financing that will not require PMI. This will ensure that the price is affordable at future sales when PMI will be required. The maximum restricted sales price (“**MRSP**”) will be affected by mortgage interest rates when an affordable Unit is initially priced. At resale, the prevailing mortgage interest rate will be used to determine the affordability of that particular unit to the applicant household.

A market-rate appraisal will be required to calculate the repayment amount on the affordable Recapture Mortgage Note. (This amount is the difference between the market appraisal and the affordable sale price and is due at the first non-exempt sale at the end of the control period.) The developer is responsible for providing the market rate appraisal. One appraisal can be used for similar unit types (all one bedrooms that are the same models, for example) if the appraisal is less than six months old. If the buyer’s mortgage company completes a market-rate appraisal, that appraisal can be used instead. (See additional discussion in Section V.)

³ Under UHAC, the maximum sales price of restricted ownership units within each affordable development “shall be affordable to households earning no more than 70 percent of median income” (hereafter “**Maximum Restricted Sales Price**”).

2. Deed Restriction

Affordable Units created under this program will be deed restricted as affordable for a period of at least 30 years and thereafter until the municipality takes action to release the affordability controls. All legal instruments to secure the affordability will be modeled after the applicable instruments published in the UHAC Appendices. When there is a Master Deed, one restrictive covenant will be filed for all Affordable Units but the affordability control period start date for each unit begins with the date that each particular unit is initially occupied. This should be filed in advance of the initial Affordable Housing closing for each project or unit.

C. New Rental Units

1. Initial Pricing and Bedroom Distribution of Rental Units

Rents will be set according to the pricing guidelines outlined in UHAC. In order to comply with 2008 amendments to the Fair Housing Act, 13 percent of all affordable rental units in a project will be priced at 30 percent of median income (N.J.S.A. 52:27D-329.1.) (This requirement is more stringent than the UHAC guidelines which stipulate that at least 10 percent of all Affordable Units in the development be affordable to households earning no more than 35 percent of median.) In all cases, the more stringent of the two requirements will prevail.

2. Mandatory and Optional fees

If the landlord charges a *MANDATORY* fee for rental units such as an amenity fee or association fee, this fee will be subtracted from the permitted maximum rent. *At no time should the rent plus required fees exceed the maximum rent allowed.* (Utility allowances are factored into the initial pricing and are not considered mandatory or optional fee. See above.)

The developer may require that all renters purchase *rental insurance*. The rental insurance cost is not considered a mandatory fee and will not be included in the initial rental calculation or part of the minimum income calculation.

The landlord may charge optional fees to tenants. However, the landlord is not permitted to charge affordable tenants these fees and waive them for market units. *For example, if parking is included in the rent for market units, the landlord cannot charge affordable tenants for parking.* Example of optional fees include:

- Optional parking fee
- Optional amenity fee
- Optional pet fee
- Optional month-to-month fee

The Administrative Agent will review and approve all leases to determine that the rent plus required fees do not exceed the maximum rent allowed.

3. Deed Restriction

Affordable Units created under this program will be deed restricted as affordable for a period of at least 30 years and thereafter until the Township takes action to release the affordability controls. All legal instruments to secure the affordability will be modeled after the applicable instruments published in UHAC.

The rental deed restriction will list the income level designation as well as the bedroom size of each Affordable Unit. The units cannot be “swapped” during the control period. *For example, after the deed restriction is filed, the affordable designation of the unit cannot be changed from a Low-Income to a Moderate-Income unit.* Moreover, it is important to note that the prevailing regulations (UHAC) do not require annual recertification, and therefore while the unit remains as a Low/Moderate-Income unit during the term of the deed restriction, the income of the current tenant is no longer relevant following initial eligibility. The same rules relating to initial eligibility certification and no annual recertifications will continue to apply to each subsequent tenant throughout the duration of the deed restriction.

4. Application Fees

Affordable units are “private” market units (as opposed to public housing units) where rents are set (and deed restricted as to time) to be affordable to very low, low, and moderate income persons. Although deed restricted, the units still are under the “control” of the private owner/landlord, with oversight by the Administrative Agent. Accordingly, other than the set rent and deed restriction requirement, the landlord may establish its own non-discriminatory legal criteria for tenant selection. Such tenant selection criteria must be the same in renting Affordable Units as for leasing market rate units. With respect to the landlord’s tenant selection criteria, the Administrative Agent’s responsibility is to ensure that (1) the criteria for the Affordable Units is consistent with the market-rate criteria, and (2) the application fee is deemed to be reasonable.

The landlord may choose to collect an application fee from households interested in applying for Affordable Housing. UHAC rules limit the application fee to 5 percent of the monthly rent of the applicable rental unit.

After the household passes the landlord’s tenant selection criteria, the landlord *may* choose to collect an additional fee from the applicant to process the Affordable Housing application. Landlords may choose to implement this optional fee so only serious applicants move through the income certification process. If this optional fee is collected, the following rules apply:

- The fee cannot be higher than one month’s rent.
- If the applicant is income-certified and rents the unit, the fee will be applied to the first month rent and/or down payment.
- If the applicant is income certified and they choose not to rent the unit, the landlord is not required to return the fee.
- If the applicant is determined to not be income eligible, the landlord must return the fee.

5. Security Deposit

Security deposits for Affordable Units are governed by New Jersey Landlord-Tenant regulations. The requirements are the same for Affordable Units as they are for market-rate units.

6. Tenant Selection Criteria

As explained in Section 4 above, the landlord is permitted to set tenant selection criteria and screen applicants on criteria such as credit score and criminal history, subject to approval by the Administrative Agent. All tenant selection criteria must comply with all New Jersey landlord tenant laws and the landlord is required to provide the Administrative Agent with a written copy of its tenant selection criteria. The tenant selection criteria must be applied uniformly to all applicants, and the landlord cannot impose stricter criteria on affordable tenants than market-rate tenants.

D. Project Monitoring

All new unit information will be compiled and maintained by the Administrative Agent, and filed with Fair Share Housing Center.

III. Marketing of Units, Waiting List, and Matching Households to Available Units

The following section describes the steps that will be taken to identify very low, low, and moderate income families that may be interested in renting and purchasing Affordable Units created by the Municipality. All marketing initiatives must comply with the Affirmative Marketing rules established by UHAC, as presently set out in NJAC 5:80-26.15 and in accordance with any additional Affirmative Marketing Plan developed by the Municipality.

Development-specific Affirmative Marketing Plans would outline required marketing, including paid advertising that must be conducted before a random selection is completed. (See Random Selection and Waiting List Priority in Section B, below.)

While the waiting list is open, Affirmative Marketing will continue in the form of listing of units on NJHRC.gov and www.rehabconj.com, and/or quarterly mailings to community groups, major employers, and government agencies in the New Jersey Affordable Housing region where the Municipality is located. If the wait list is not providing adequate returns, the program will be re-advertised.

A. Preliminary Application

All households that wish to be considered for Affordable Housing must submit a preliminary application. Households will be encouraged to submit their preliminary application online. For those applicants who do not have internet access, the Administrative Agent will work with interested applicants by phone and mail. The preliminary application will include questions about household income and its composition in order to determine preliminary eligibility. Please note that preliminary eligibility is based solely on self-reported information by the applicant and is in no way a guarantee of eligibility.

B. Random Selection and Waiting List Priority

For new projects and when random selection is utilized, the Administrative Agent will assign random numbers to each applicant through a manual lottery machine random number thereby creating a waiting list

After the initial wait list has been exhausted, the Administrative Agent will once again market to the general public regarding the availability of units.

A separate waiting list will be kept for ownership versus rental units, resulting in a total of two waiting lists for the Municipality. Households waiting for age-restricted and family rental units will be part of the same waiting list. Likewise, households waiting for age-restricted and family ownership units will be part of the same waiting list. In filling an age-restricted property, households that do not meet the age requirements will be skipped.

When brand new Affordable Units become available for rent or sale in a new development, a lottery will be conducted UNLESS there are households on the existing waiting list with lottery numbers that have not been contacted. In these cases:

- Those applicants with lottery numbers will be contacted first.
- Households that submitted a preliminary application after the last lottery (and do not have lottery numbers) will be included in the next lottery if it is required to fill the units.
- Affirmative Marketing will be required before this lottery is held since these are new Affordable Units and the public must be made aware of the new Affordable Housing opportunity.

The winning lottery may not always be the next person contacted for a specific available unit because of factors impacting waiting list priority. In addition to age-restricted requirements already discussed, these factors include the number of persons in the household, household income level, households with a person with physical disabilities, veterans preference and regional preference as may be established in the Municipal Affordable Housing Ordinance. The Township of Bridgewater has selected to use a regional preference and not to use a veterans preference, which appears in the Township of Bridgewater's Affordable Housing Ordinance.

1. Private Outreach

When a new unit becomes available, the Administrative Agent will reach out to all families on the waiting list who are of the specific household sizes and income for said unit. (A query is done on the entire waiting list to filter out the specific group) A "Constant Contact" email invitation will be used to contact all said persons who meet the criteria. The email listing includes all of the pertinent details on the unit. After all households see the unit, they contact Rehabco and indicate that they would like to move forward. If they do not pursue the unit or even if they do not respond at all, they will NOT be removed from the wait list.

After seeing the unit, a full application will be sent out including a list of documents for them to be "Income Certified" to lease the unit.

Figure 3: Additional Factors Impacting Waiting List Priority

1. Age-Restricted	Only households that meet the age-restricted requirements will be offered age-restricted units. <u>See Glossary</u> for definition of “ Age-Restricted Units. ”
2. Regional Preference	Municipalities may choose to give preference to households that live or work in the local Affordable Housing region. Bridgewater has elected to give preference to households that live or work in the local Affordable Housing region, such regional preference shall be established by ordinance. In such instance, applicants who indicate that they live or work in the Affordable Housing region will be contacted before those outside the region. Once those applicants are exhausted, applicants outside the region will be contacted. <u>See Glossary</u> for definition of “ Regional Preference. ”
3. Household Size (Number of Members)	Whenever possible, there will be at least one person for each bedroom. If the waiting list is exhausted and there are no households with a person for each bedroom, units will be offered to smaller sized households that do not have a person for each bedroom. (A maximum of two people are permitted per bedroom.) A household can be eligible for more than one unit category.
4. Maximum Income Limit and Minimum Income	Only households that are under the income limit of the Affordable Unit AND meet the minimum income requirements will qualify to apply for the next Affordable Unit. <i>See Figure 5</i> for a full discussion of minimum income requirements.
5. Fully Accessible Units	A household with a person with physical disabilities will get preference on the waiting list for accessible units because of the very limited number of handicapped accessible units. Applicants must provide a letter from their doctor stating what kind of accommodation they require as a result of their disability.
6. Veterans Preference	The Municipality and developer may enter into an agreement to provide preference to very low, low, and moderate income veterans who served in time of war or other emergency, as defined in section 1 of P.L.1963, c. 171 (C.54:4-8.10), of up to 50 percent of the affordable units in that particular project. If applicable, veterans who apply within 90 days of the initial marketing period shall receive preference for the rental of the agreed-upon percentage of affordable units. After the first 90 days of the initial 120-day marketing period, if any of those units subject to the preference remain available, then applicants from the general public shall be considered for occupancy. <u>See Glossary</u> for definition of “ Veterans Preference. ”

D. Determining Preliminary Eligibility

The Administrative Agent will review the Initial Preliminary Application to determine whether the applicant meets or continues to meet the requirements to rent or purchase the unit. All information will be verified during the full application process. The following sections describe the factors that will be reviewed to determine preliminary eligibility as well as final eligibility during the full income certification process.

1. Regional Preference

Should a municipality determine that households that live or work within the Municipality's Affordable Housing Region are to be given Regional Preference in being contacted, such Regional Preference shall be set out in the municipality's Affordable Housing Ordinance. Upon the adoption of such an ordinance, the Administrative Agent will confirm that the household either lives or works within the region. If they no longer live or work within the region, they will remain on the waiting list for consideration after all in-region applicants have been considered. The Township of Bridgewater does have a regional preference.

2. Determining Household Composition

The household is composed of all permanent members of the household, and the composition will determine both the size of the unit needed by the household and the maximum income limit of that household. Some household members may be considered in the bedroom calculation who are not counted in the maximum income calculation as show in *Figure 4*. If applicant's divorce decree states that both parents share legal and residential custody but the former spouse has primary custody for school purposes, the child may be included in the applicant's household when determining household size during the income certification process.

Figure 4: Determining Household Size (Number of Members)

	Maximum Household Income Limit	Bedroom Size Calculation
Foster Children	Do not count in household (do not include foster care income either)	Count
Live in Health Aid or Nanny (<i>This must be a paid position and proof of contract with caregiver is required</i>)	Do not count (Must provide proof that person is hired)	Count
Child Whose Primary Residence is Not the Applicant Household	Do not count unless custody is 50/50 (see narrative)	Count
Unborn Child	Count (Cannot ask for documentation because of privacy)	Count
Child Being adopted	Count	Count
Full time college student not living at home (<i>Full time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester</i>)	Count (Do not count any part time income earned where part time is any income earned on less than a 35 hour work week)	Count

3. Maximum Income Limits

The Administrative Agent will confirm that the household's income reported on the initial preliminary application falls under state mandated maximum income limit for the unit for which they are applying. Maximum income limits are provided annually by the State for each of the six Affordable Housing regions. See Appendix A for updated maximum income limits.

4. Minimum Income Requirements

Unlike maximum income limits, the State does not set minimum income limits. Instead, the State provides different income-to-housing expense ratios for rental and purchase units and different standards for age-restricted homes. The purpose of these ratios is to provide guidelines so applicants will be able to sustain their monthly housing expenses in the Affordable Units.

Evaluating minimum income requirements is complicated because the permitted ratio of monthly income that can be spent on housing expenses varies for different unit types and waivers are permitted. *Figure 5* details the minimum income ratios that will be utilized at each stage of the outreach process as well as during the full income certification. Since waivers from UHAC are allowed (see below), outreach is extended to households that do not quite meet the minimum income requirements. *For example, UHAC stipulates that households must not pay more than 33 percent of their monthly income for housing expenses if they are purchasing a home unless they meet a waiver requirement. When a specific home is for sale, outreach is expanded to all households whose housing expenses are under 35 percent instead of 33 percent. At the time of income certification, the exact percentage and whether they meet a waiver requirement is confirmed.*

Precise waiver requirement standards are not stipulated in UHAC, and *Figure 5* provides guidance when evaluating waiver requests. The State permits the Administrative Agent to give waivers to households to purchase a unit when their existing monthly housing expenses exceed 33 percent of their monthly income under the following conditions:

- The household can provide evidence that they have completed a HUD-certified home budgeting course; and
- The household obtains a firm mortgage loan commitment at the higher housing expense percentage of income level from a licensed financial institution.

Likewise, rental waivers may be given under the circumstances described below, and the household must receive a budgeting counseling class.

- The household can document that the housing expense of the Affordable Unit is less than the housing expenses of their current housing; or
- The household currently pays more in rent and the proposed rent will reduce the household's housing costs; or
- The household has consistently paid more than 35 percent (40 percent for households eligible for Age-Restricted Units) of eligible monthly income for rent in the past and has proven its ability to pay; or
- The household is currently in substandard or overcrowded living conditions;
- The household documents the existence of assets, with which the household proposes to supplement the rent payments; or
- The household documents proposed third party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the Owner of the unit. (This includes applicants with a Section 8 Voucher.)

When reviewing a waiver request, the Administrative Agent may take into consideration whether the applicant is receiving other assistance such as SNAP Benefits (Food Stamps).

5. Minimum Down Payment (Ownership Only)

For all purchase units, the Administrative Agent will review how much the applicant self-reports as having available for a down payment. If the down payment is less than 5% of the purchase price, the applicant will be advised that they may not be able to obtain a mortgage to purchase the home because most banks require at least a 5% down payment.

6. Regional Asset Limit

If an applicant owns a home without a mortgage, the value of the home must be less than the Regional Asset Limit set by the State annually.

This Regional Asset Limit test does not apply to:

- Properties with a mortgage even if the applicant's equity exceeds the asset limit;
- Cash or other assets; and
- Applicants whose property taxes and fees on the property are more than 38 percent of the household's income.

Figure 5: Minimum Income Calculations ¹

RENTALS		
<i>Monthly Housing Expense Calculation is rent + utilities not included in rent – monthly rental Assistance (if accepted by landlord)</i>		
	Family Units	Age-Restricted Units
To Submit Preliminary Application	Any household with income over \$8,000/year	Any household with income over \$8,000/year
To Be Income Certified To Rent Unit	35% of income toward housing expenses 45% of income toward housing expenses with rental waiver ² If applicant meets minimum income requirement with rent only, case manager will review utility allowance ³	40% of income toward housing expenses 45% of income toward housing expenses with rental waiver ² If applicant meets minimum income requirement with rent only, case manager will review utility allowance ³
UHAC Requirement (Without Waiver)	35% of income toward Housing Expenses	40% of income toward housing expenses
OWNERSHIP		
<i>Monthly Housing Expense Calculation is monthly mortgage cost +HOA fee + property tax + insurance</i>		
	Family and Age-Restricted Units	
To Submit Preliminary Application	Any household with income over \$8,000/year . No minimum down payment required.	
To Be Invited To Submit Property Questionnaire	35% of income toward housing expenses No minimum down payment required	
To Be Invited To Submit Full Application	35% of income toward housing expenses 5% minimum down payment required (no loans or grants)	
To Be Income Certified To Purchase Unit	33% of income toward housing expenses 35% of income toward housing expenses with ownership waiver ²	
UHAC Requirement (Without Waiver)	33% of income toward housing expenses	
¹ Minimum income and percentages may be adjusted as needed to administer the program. Minimum income should not restrict eligible applicants and is designed to prevent applicants who do not have enough income from being added to the waiting list. All minimum income requirements will be clearly posted on the Administrative Agent's website. ² Rental and Purchase waiver requirements are explained in the <i>Minimum Income</i> Section of this Chapter (see Section 4). ³ The utility allowance review will determine whether the applicant will be able to afford the monthly expenses. This is sometimes required because the new utility allowance greatly exceeds the original utility pricing or their household's actual utility costs may be less because of energy improvements.		

7. Separated Applicants

Separated applicants who have not finalized their divorce settlement agreement cannot purchase an affordable home until the spouse signs a form stating that they are releasing any claim right or interest in the affordable home being purchased. If the spouse refuses to sign the release, the applicant can request a judge to require the spouse to sign the form.

In order to calculate the household income of separated applicants at the time of the full income certification for both rental and sale properties, the applicant will need to provide a settlement agreement, divorce decree, or a division of assets signed by both parties.

E. Annual Updates

In order to keep the waiting list current, households will be asked to update their contact and other qualifying information on the waiting list annually.

F. Full Application

Households will be invited to submit a full application to purchase or rent an affordable unit in order for the Administrative Agent to determine the income eligibility of the household.

Applicants will have five (5) days to submit the income application. Once the full application is received, the Administrative Agent will complete a determination of the household's eligibility within seven days.

G. Removal from the Waiting List

Applicants on the waiting list for Affordable Housing can be removed from the list for any of the following reasons:

1. The applicant's income exceeds the income guidelines;
2. The applicant does not have the minimum income to purchase or rent any units in the portfolio;
3. The applicant owns an asset that exceeds the Regional Asset limit;
4. The applicant requests to be removed;
5. The applicant submits fraudulent information during the income certification process;
6. The applicant fails to submit the complete application on time (this includes failure to provide documentation needed to verify income and other required documents);
7. The applicant fails to respond to an inquiry in a timely manner;
8. The applicant does not cooperate or is abusive with staff, property managers, or the sellers of Affordable Units;
9. The applicant does not meet the credit requirements or other tenant selection criteria required by the landlord;
10. The applicant is unable to secure a mortgage;
11. The applicant does not attend a budgeting/home buyer counseling class if such is required (e.g., for a waiver);
12. The applicant does not respond to requests to purchase or rent a unit;
13. The applicant does not submit an annual update; or
14. The applicant has been approved to rent or purchase a unit in the Municipality.

Applicants who are removed from the waiting list may reapply. If approved to rent or purchase a unit in the Municipality, they may reapply for other opportunities in the Municipality.

H. Income Certified Applicants on the Waiting List

Under certain circumstances, an applicant may be fully income certified but they do not proceed with the purchase or renting of the unit. In this case, the applicant will resume their original position on the waiting list. They will be contacted in the same priority outlined in this Chapter. In other words, being fully income certified will not result in any priority on the waiting list over other applicants. If the applicant does not sign a contract or lease within six months of the income certifications, the certification will expire.

IV. Determining Income Eligibility

To be eligible for consideration for an Affordable Unit, a household must be determined to be income eligible. This income eligibility is modeled after the US Department of Housing and Urban Development's process known as Part 5. This system for determining eligibility is to sum the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

A. What is Considered Income

Figures 6 and 7 detail what sources of income are included in the income calculation and what sources of income are excluded as a source of income.

Figure 6: Income Sources Counted in Income Eligibility

Sources Considered Income	Description of Income Source
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Assets not earning a verifiable income shall have an annual imputed interest income using a current, average annual savings interest rate. (Use average daily balance of bank accounts for the calculations).
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in #14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in #3 of Income Exclusions).
6. Welfare Assistance	Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling. (Child support is not counted as income if it is not being paid even though there is a court order.)
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except Armed Forces Hostile Fire Pay as stipulated in the Sources Not Considered Income Exclusions).
9. Rental Income From Real Estate	Rental income from real estate. Only the mortgage interest payment, insurance, taxes, and management expenses can be a deductible expense. (Mortgage principal payments cannot be deducted.) If the applicant owns real estate and does not receive rental income, the Administrative Agent may determine the fair market rent of the property to determine the potential rental income for the purposes of the application. If actual rent is less than fair market rent, the Administrative Agent shall impute a fair market rent unless rent control applies.
10. Imputed Interest from non-income producing assets such as real estate	Imputed interest is calculated on the equity of the asset. This applies to the equity of all non-income producing assets.
11. Property or Money Given Away in last 2 yrs	A percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. Value of property will be based on tax assessment records using the following ratio: (land + improvements) / equalization ratio.

Only child support and alimony paid to another household by the applicant can be deducted from a household's income. Court ordered payments which are paid for alimony or child support to another household, whether or not it is being paid regularly, shall be excluded from income for purposes of determining income eligibility.

Figure 7: Income Sources NOT Counted in Income Eligibility (Per HUD Regulations)

Sources Not Considered Income	Description of Income Exclusions
1. Income of Children	Income from employment of children (including foster children) under 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property.
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Disabled Persons	Certain increases in income of a disabled member of qualified families residing in HUD funded HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)). ⁴
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ul style="list-style-type: none"> • Amounts received under training programs funded by HUD. • Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). • Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. • Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for a public housing authority ("PHA") or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving

⁴ The HUD funded HOME Investment Partnerships Program ("**HOME**") provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating Affordable Housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create Affordable Housing for Low-Income Households.

Sources Not Considered Income	Description of Income Exclusions
	<p>as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</p> <ul style="list-style-type: none"> Incremental earnings and benefits inuring to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and any such amounts are excluded only for the period during which the family member participates in the employment training program.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparations	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Part time income of non-head of household persons enrolled as full time student. HOWEVER, all income from the head of household will be included even if he/she is a full time student.
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> The value of the allotment made under the Food Stamp Act of 1977; Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs; Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); Earned income tax credit refund payments received, including advanced earned income credit payments; The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);

Sources Not Considered Income	Description of Income Exclusions
	<ul style="list-style-type: none"> • Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; • Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and • Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.
18. Rental Assistance / Gifts For Housing Expenses	Sporadic or reoccurring gifts for housing expenses from family, friends, or community groups.
19. Repayment of Loan	Sporadic or reoccurring payments that are repayment of a loan from to the household.

B. Proof of Income and Other Supporting Documents

Extensive supporting documents are required to document the household's income and other qualifying criteria. The full list of required supporting documentation is provided in *Figure 8*.

During the course of the income certification, applicants may be required to submit additional documentation to establish the household composition and income. While it is impossible to list all examples of additional documentation, some examples of additional documentation are described below. The Administrative Agent may require that documentation is notarized.

- Private mortgage documentation (bank statement of party lending the money, letter with terms of private mortgage);
- Proof of gift for down payment (bank statement of party gifting the money, letter with terms of private mortgage);
- Proof of rental assistance from family, friend, or community group;
- Death Certificate of spouse when applicant is a recent widow or widower;
- Notarized letter from employer explaining overtime that will be offered to employee;
- Itemized explanation of deposits in bank accounts;
- If there are other household members that appear to be living in the household now but are not part of the household as it was when applying for housing, the applicant will have to provide a notarized letter explaining the current and existing household composition;
- If there is someone listed on the applicant's bank statement that is not included in their household applying for Affordable Housing, the applicant will be required to show proof that the person does not reside with the applicant; and

Notarized letter regarding withdrawal from 401K accounts or pensions (For example, if funds were withdrawn last year, will the applicant be making a withdrawal this year?)

Figure 8: Required Supporting Documents

Identification
<input type="checkbox"/> Personal photo identification: Driver's License, passport, or State ID
Income Related Documents – Provide All That Apply
<input type="checkbox"/> Employment Income: 4 most recent consecutive pay stubs for all employed household members
<input type="checkbox"/> Social Security: Most recent award letter
<input type="checkbox"/> Temporary Assistance for Needy Families (TANF): Voucher or other verification
<input type="checkbox"/> Pension: Letter from pension fund setting forth outlays and benefits received
<input type="checkbox"/> Child Support: Current statement from NJ child support website, court order or notarized letter re: child support status
<input type="checkbox"/> Alimony: Current statement from NJ website or notarized letter regarding alimony support status
<input type="checkbox"/> Military Pay: Verification of military pay
<input type="checkbox"/> Workers' Compensation: Statement showing benefits
<input type="checkbox"/> Unemployment Benefits: Statement showing benefits
<input type="checkbox"/> Self Employed or Own Business: Year to date profit & loss statement (not required if submitting K-1 with taxes)
<input type="checkbox"/> 1099 for Independent Contractors (Profit and loss statements are not permitted)
Bank Statements & Other Accounts (Including JOINT ACCOUNTS)
<input type="checkbox"/> Checking Account: All pages of statements for the last 6 consecutive months
<input type="checkbox"/> Savings Account Statements Including CD's: All pages of statements for the last 6 consecutive months
<input type="checkbox"/> Other Account Statements: Most recent statement for other assets such as retirement accounts, 401k's, stocks, bonds, & trusts
Tax Returns
<input type="checkbox"/> Federal Tax Return: All pages of 1040 Federal Tax Return for the past 3 consecutive years (copies of signed returns to validate the copy)
<input type="checkbox"/> State Tax Return: All pages for the past 3 consecutive years
<input type="checkbox"/> Notarized tax waiver letter if unable to provide taxes
If Applicant Owns A Home, Condo, And/ Or Rental Property, The Following Is Required
<input type="checkbox"/> Current mortgage statement
<input type="checkbox"/> Investment property lease agreement (if applicable)
<input type="checkbox"/> Current year tax assessment record
<input type="checkbox"/> Real estate listing if this property is for sale
<input type="checkbox"/> Contract with the realtor listing property if property is for sale
<input type="checkbox"/> Foreclosure notice (LIS PENDENS, etc.) if the property is in foreclosure
Other
<input type="checkbox"/> Divorce Decree: All pages of divorce decree & settlement agreement
<input type="checkbox"/> Full Time Student Over 18: School schedule to document full time status
<input type="checkbox"/> Section 8: Voucher (RENTAL ONLY)
<input type="checkbox"/> Mortgage Preapproval (OWNERSHIP ONLY)

C. Final Eligibility Determinations

After the household's annual income and composition is determined and verified, the Administrative Agent will make the final eligibility determination. Requirements related to household composition, Regional Asset Limit, down payments, etc. outlined in *Chapter III* will also be verified.

Households determined to be eligible will receive an eligibility letter notifying them of their eligibility determination, in writing. When a household is determined ineligible, an internal peer review of the income certification will be completed by the Administrative Agent. If the peer review confirms the ineligibility determination, the household will be notified in writing and advised that it may submit additional proof and request that the decision be reconsidered by the Administrative Agent. Such request for reconsideration shall be made by the applicant within five (5) business days of receipt of notice of denial of ineligibility. If an applicant for affordable housing is again determined to be ineligible by the Administrative Agent, then the Municipal Housing Liaison (see Chapter 7) will attempt to mediate the decision or policy to the satisfaction of all parties. Any situation that the Municipal Housing Liaison is unable to resolve will be forwarded to the New Jersey Mortgage and Finance Agency (“**Agency**”) (or its successor) for further appeal and review. The determination of the Agency (or its successor) shall be a final administrative action (i.e., decision) subject to review of the courts.

D. Misrepresentation of Information in Application

When the applicant submits their full application, the applicant certifies that all information provided in the application is complete and true as to the entire household. If the applicant makes false statements or provides fraudulent documentation, the applicant will be determined ineligible immediately. They may reapply for Affordable Housing but they will lose their position on the waiting list.

E. Changes to Income and/or Household Composition after Submittal

Prior to the certification process and a determination of eligibility, a household may supplement its application. Once the full application has been submitted with the applicant certifying that all information is complete and true, the applicant enters the Eligibility Period. During this one to two-week timeframe during which the household’s eligibility is being reviewed, the applicant is not permitted to change the employment status of any household member in order to become eligible for Affordable Housing nor change the household composition from what is listed on the application. *For example, the applicant cannot add a member to their household, subtract a member, quit a job, or get a new job, or a raise during the Eligibility Period. See Glossary for definition of “**Eligibility Period**”.* If the applicant does make changes during this Eligibility Period, the household will be determined ineligible and lose their position on the waiting list. However, the applicant may reapply with their new income and/or household composition and will be assigned a new position on the waiting list.

V. Ownership Program

At each purchase, Affordable Housing documents are executed that restrict units as Affordable Units. The process of finding a buyer is explained in depth in *Chapter III*. In addition, the buyer must be income certified as outlined in *Chapter IV* and information about establishing new ownership projects is also included in *Chapter II*.

The following outlines the process of selling and purchasing an affordable home.

A. Selling an Affordable Home

1. Request an Intent to Sell Package

When an owner wants to sell its affordable home, the first step is to request an Intent-To-Sell package. The owner, as “**Seller**”, cannot start the process of selling its home until it makes this request and receives the package from the Administrative Agent.

2. Calculate the MRSP (Maximum Restricted Sales Price)

The Administrative Agent will calculate the MRSP of the affordable home based on the last sale price and the last sale date. The annual increase issued is applied for each year the owner has owned the home. See Appendix A for updated maximum restricted sales price annual increase. However, there is no increase if the owner has owned the home for less than a year. *For example, if an owner purchased an affordable home in March 2015 and requested to sell the home in January 2016, the MRSP is the price the owner paid for the home.*

In addition, if the owner requests to sell their home and the state has not released the annual increase for that year yet, no annual increase for the current year will be applied. *For example, if an owner requests to sell their home in February 2015, and the 2015 increase has not been released, the MRSP will not include an increase for 2015.*

The Administrative Agent will prepare the Intent to Sell Package and send it to the Seller. This package will include:

- Form for the owner to sign and return, formally requesting to sell home;
- The MRSP of the unit;
- An overview of the process of selling an affordable home in this program;
- Blank Purchase Agreement;
- Summary of fees charged by the Administrative Agent/Municipality related to selling of the affordable home;
- Request for digital photographs to be utilized in the marketing of the home; and
- Request for additional information about the home to be utilized in marketing the home such as recent renovations and unit amenities.

3. Start Affirmative Marketing Process

When the Administrative Agent receives the signed Intent to Sell Form back, it will begin the process of looking for a buyer for the unit. This process is outlined in *Chapter III* of this manual. The Administrative Agent will refer interested buyers directly to the Seller. The Seller will be responsible for showing the home to interested buyers. These buyers will be pre-screened by the Administrative Agent. However, since they will not be income certified, the Seller CANNOT enter into a contract with the buyer until the buyer is income certified by the Administrative Agent. When a household decides to purchase the affordable home, the buyer will be sent a full income certification application. (See the *Purchase Agreements and Contracts* later in this Chapter.)

B. Buying an Affordable Home

1. Preliminary Application and Prescreen

In order to be considered to purchase an affordable home, interested buyers must submit a preliminary application. The process outlined in *Chapter III* will be followed even if the Seller has found a buyer interested in purchasing the property. The unit must be affirmatively marketed to other eligible households on the waiting list first.

2. Income Certification

When a household would like to purchase the home, it will notify the Administrative Agent, and if it is next on the waiting list, it will be invited to submit a full application. The income certification process is described in detail in *Chapter IV*. A mortgage pre-approval must be submitted with the application as well as proof that the buyer has the recommended minimum down payment if required by the bank or provided at buyer's option. Buyers will be advised that they will also be responsible for closing costs, but they will not be required to show proof of funds at the time of the income certification. Closing costs cannot be added to their mortgage principal because the buyer can only finance 95 percent of the MRSP of the home.

3. Mortgage Provider

The Administrative Agent will provide prospective buyers with a list of mortgage companies that have financed deed restricted Affordable Units recently. If the prospective buyer chooses to utilize a different lender, the Administrative Agent will provide the lender copies of the Affordable Housing documents for their review after the buyer is income certified.

A buyer may borrow money to purchase the home from a friend or family member (sometimes referred to as a "*Private Mortgage*".) To proceed with the application, the Administrative Agent will require proof that the lending party has the funds (bank statement of the party who is lending the money, for example) and a notarized letter signed by both parties with the terms of the loan (monthly payment, interest, etc.). If the money is a gift, this should be noted in the letter. The lending party in a Private Mortgage situation MAY NOT be on the deed to the Affordable Unit.

4. Down Payment

In order to encourage homeowner investment and a sense of direct involvement in the homeownership process, it is strongly recommended that the buyer provide 5 percent of the purchase price as down payment. In addition, as a practical matter, applicants are highly unlikely to receive a mortgage without at least a 5% down payment. The funds may be provided as a gift (e.g., from a family member or friend) if the funds do not have to be repaid, and proof of the gift must be provided at the time of income certification (see above).

Some municipalities offer a down payment assistance grant program. In such cases, the minimum down payment requirement is governed by specific program requirements. The Administrative Agent will maintain a list of down payment assistance programs that may become available and provide program information to buyers.

5. Separated Spouses

Separated applicants who have not finalized their divorce settlement agreement cannot purchase an affordable home until the spouse signs a form stating that they are releasing any claim right or interest in the affordable home being purchased. If the spouse refuses to sign the release, the applicant can request a judge to require the spouse to sign the form.

6. Cosigners on Deeds and/or Mortgages Are Not Permitted

If a buyer for Affordable Housing cannot obtain a mortgage, a family member or friend CANNOT obtain a mortgage and allow the affordable buyer to reside in the home. Anyone on the deed and/or mortgage is considered part of the buyer's household and must be included in the income certification and must reside in the home as its primary residence.

However, not all household members are required to be on the mortgage and/or deed. *For example, if a household is composed of the buyer and its roommate, both the buyer and the roommate will be included in the income certification. The roommate is not required to be on the deed or the mortgage.*

C. Purchase Agreement and Contracts For Sale

As the buyer and seller enter into negotiations, the purchase agreement is an “internal”, not legally binding, COAH generated document between them to establish and ensure that the unit will be affordable to the buyer. It stipulates such terms as the MRSP of the unit, the agreed upon purchase price, the amount of good faith deposit, and the items to be included in the sale price of the unit (“**Purchase Agreement**”). All these terms are then set out in the contract for sale. The contract for sale is a legal contract between the buyer and seller, finalizing the negotiations between buyer and seller and setting out all material terms of the transaction (“**Contract for Sale**”). The Contract for Sale can only be executed after the household is income certified.

Copies of both the Purchase Agreement and Contract for Sale should be sent to the Administrative Agent immediately upon execution.

1. MRSP and “Extras”

The Purchase Agreement includes a section for the Seller to list items that may be sold separately at a price agreed upon by the buyer and seller. The price to be paid for items of personal property shall not be used as a mechanism to avoid or circumvent the limitations on the resale price of the unit itself. The personal property for sale cannot become a contingency of the house sale. If this separate transaction occurs, it cannot be incorporated into the Mortgage or Contract of Sale.

These “extras” do not include items of property that are permanently affixed to the unit such as countertops and flooring or were part of the original sale. These permanently affixed items are to be included in the MRSP and no additional compensation is permitted to the owner. As stated in UHAC, N.J.A.C. 5:80-26.9: “Upon the resale of a restricted unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (for example, refrigerator, range, washer, dryer, dishwasher, wall-to-wall carpeting) shall be included in the maximum allowable resale price.”

2. Accepting and Rejecting Offers

The Seller of the home must accept offers from the next buyer on the waiting list whose income is certified and who offers to purchase the home for the MRSP. The Seller cannot reject an offer at the MRSP from the first eligible person on the waiting list for any reason such as the buyer not making a cash purchase. In the contract, the Seller can include a requirement that the buyer be able to close in a reasonable amount of time, such as two months.

Buyers may make offers at less than the MRSP. The seller may choose to accept such an offer but is not required to accept such lower offers.

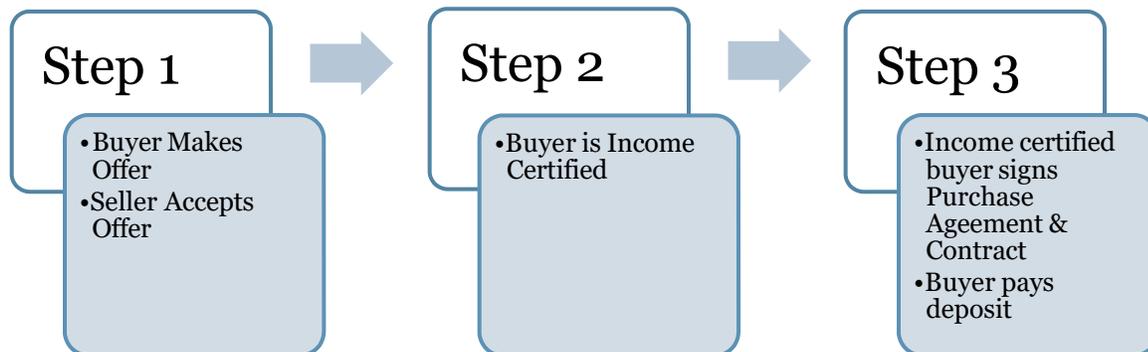
3. Good Faith Deposit/Earnest Money

It is not required, but the seller may choose to collect a good faith deposit or earnest money at the time the Purchase Agreement is signed.

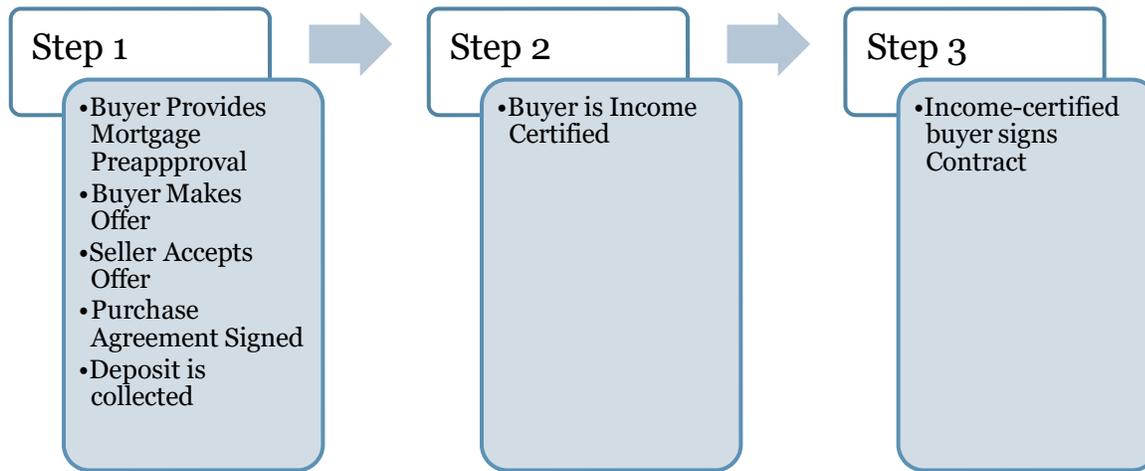
4. Purchase Agreement and Income Certification

The Purchase Agreement is typically signed only after the household is income certified. (See *Figure 9 below*.) Under this process, the Purchase Agreement clearly states that only an income certified household may sign a purchase agreement. See [Glossary](#) for definition of “**Certified Household**”. This process will be utilized for most resales, and it is the most effective process for selling homes if there is not a high demand for the home.

Figure 9: Purchase Agreement Signed After Income Certification



However, under certain circumstances, the Administrative Agent may amend the Purchase Agreement to permit a buyer who is not yet income certified to sign the Purchase Agreement. These circumstances include new developments where demand is very high for the units. Under this approach, as shown *Figure 10*, the Purchase Agreement will clearly state that the Purchase Agreement is contingent on the income certification by the Administrative Agent of the buyer as a Low or Moderate-Income household and, in the event that the household is determined not to be income eligible or does not submit a complete application, then the Purchase Agreement is invalid.

Figure 10: Purchase Agreement with Non-Income Certified Buyer

D. Attorneys

New Jersey does not require that attorneys participate in real estate transactions. However, while not a requirement, it is recommended that both the buyer and seller hire an attorney to draft the contract and represent them during the transaction.

E. Realtor

Rehabco Inc., the Administrative Agent, maintains a licensed Realtor on staff for all affordable housing closings in Bridgewater and must be used for all closings. There is a 3% commission charged for said service. The Realtor maintains and ensures that all required UHAC Appendix's are under signature for all closings.

F. Coordination of Closing

After the home goes under contract, the Administrative Agent will maintain regular contact with the buyer, seller, and/or their attorneys as well as the mortgage provider. The Administrative Agent will answer questions about the Affordable Housing documents and assist to resolve any issues that arise before closing.

1. Required Legal Documents

The Administrative Agent will prepare the Affordable Housing documents summarized in *Figure 11*. If 95/5 is currently being used, we will continue to use 95/5 for resales. However, in all other cases, we will use Round III deed restrictions.

2. Resale of Affordable Units: Requirement for a Market Rate Appraisal

A market rate appraisal will be required to calculate the repayment amount on the affordable Recapture Mortgage Note. (This amount is the difference between the market appraisal and the affordable sale price and is due at the first non-exempt sale at the end of the control period. The repayment amount is paid to the Municipality.)

For new units, the developer is responsible for providing the market rate appraisal. If the buyer's mortgage company completes a market-rate appraisal, that appraisal can be used instead.

For resales, the buyer must provide the market rate appraisal. If the buyer's mortgage company will not be completing a market rate appraisal or it is a cash deal, the buyer must pay for a market rate appraisal. *This buyer will be notified of this requirement as soon as the Purchase Agreement is signed because the unit cannot close without the market appraisal.*

Figure 11: Legal Documents for Ownership Units

	No Master Deed	Master Deed
Not a 95/5 Unit	<ul style="list-style-type: none"> ◆ Deed "A" ○ Certification "J" ○ Recapture Note "L" (DCA), "N" (Municipality), or "P" (Agency) ◆ Recapture Mortgage "M" (DCA), "O" (Municipality), or "Q" (Agency) 	<ul style="list-style-type: none"> ◆ Deed "D" ◆ Restrictive Covenant "C-1" ○ Certification "J" ○ Recapture Note "L" (DCA), "N" (Municipality), "P" (Agency) ◆ Recapture Mortgage "M" (DCA), "O" (Municipality), or "Q" (Agency)
95/5 Unit	<ul style="list-style-type: none"> ◆ Deed "B" ○ Certification "J" ○ Recapture Note "G" ◆ Recapture Mortgage "H" 	<ul style="list-style-type: none"> ◆ Deed "D" ◆ Restrictive Covenant "C-2" ○ Certification "J" ○ Recapture Note "G" ◆ Recapture Mortgage "H"
<ul style="list-style-type: none"> ○ Must be filed with Administrative Agent / Municipality ◆ Must be recorded with County 		
<p><i>95/5 Unit:</i> Existing projects (generally completed before 2004) are considered 95/5 units and the Legal Instruments for 95/5 units will be utilized.</p>		

3. Closing Fees

If applicable, required closing fees (3%) paid by the Seller are due at the time of closing and must be included on the Settlement Statement. The fee cannot be waived.

The only exception is if the unit is bank owned as the result of a foreclosure action and the lenders (such as FHA, Fannie Mae, or Freddie Mac) are statutorily prevented from paying closing fees.

4. Closing Checklist

At the closing, the Administrative Agent will review the Affordable Housing rules with buyer including the following:

- When the unit is sold in the future, the owner must contact the Administrative Agent. The unit cannot be sold for more than the MRSP, and it must be sold to an income Certified Household;

- All refinancing, including lines of credits, secured by the Affordable Unit, must be approved in advance and in writing by the Administrative Agent. The total amount of all debt may not exceed 95 percent of the MRSP of the home;
- The Affordable Unit must be the owner's primary residence;
- No renting of this unit is permitted except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent (see Waiver section for more information); and

Improvements made to the unit will not increase the MRSP. However, as permitted under UHAC (N.J.A.C. 5:80-26.9), an owner "may apply to the Administrative Agent to increase MRSP for the unit on the basis of capital improvements made since the purchase of the unit. Eligible capital improvements shall be those that render the unit suitable for a larger household or that add an additional bathroom [additional bedroom, cost of central air conditioning ... see N.J.S.A. 5:80-26.9]. In no event shall the MRSP for an improved housing unit exceed the limits of affordability for the larger household."

Prior to closing, the Administrative Agent will obtain a copy of the Closing Disclosure for the Affordable Housing file that is executed at closing between the buyer and seller to confirm that:

- The sale price listed on the Closing Disclosure does not exceed the MRSP; and
- The buyer has not financed more than 95 percent of the sale price and that the buyer is not receiving cash back at closing.

Following closing, the Administrative Agent will obtain one original set of documents and distribute the copies as follows:

- Original of Mortgage, deed, discharges and Restrictive Covenant (if applicable) to the attorney or title company that handled the closing for recording.
- Copy of all documents is provided to the buyer.
- Original of Mortgage Note and copies of all other documents are kept by the Administrative Agent for the Affordable Housing file.

G. Refinance Requests

Affordable home owners are permitted to refinance their mortgages or incur some form of additional debt on their home, such as a home equity loan. The owner must notify the Administrative Agent who will review the request to confirm that the total debt is not more than 95 percent of the current MRSP. If the total debt exceeds 95 percent of the MRSP, the request will be denied. If the request is under 95 percent, the request will be approved.

Reverse mortgages are not prohibited by UHAC. However, lenders have historically not approved reverse mortgages on deed restricted affordable properties because of the refinance limits. Any requests for reverse mortgages should be carefully reviewed to ensure that there is no way the loan amount will exceed 95 percent of the MRSP.

If there is a fee to review the refinance request, the refinance review will not be started until the fee is submitted via certified check or money order.

As clearly stated in the Restrictive Covenant, the owner is forbidden from refinancing or taking an equity loan, a secured letter of credit, or any other mortgage obligation or other debt without advanced, written approval from the Administrative Agent.

H. Annual Mailing

The Administrative Agent will send a mailing to each of the affordable owners annually. This newsletter will provide the owner with information about how to get in touch with the Administrative Agent if they want to sell their home or refinance their mortgage. It will also remind them of other important Affordable Housing requirements.

The envelope will be marked “do not forward”, and if it is returned by the post office, the Administrative Agent will follow-up with the owner to determine if the owner is no longer living in the home.

I. Report that Owner is Not Living in the Unit and/or Renting Unit

When the Administrative Agent obtains indications that an owner is not living in the unit, the Administrative Agent will investigate the allegation. The Administrative Agent will gather as many details as possible such as how long the owner has not been living in the unit; if anyone else is living there (i.e. renters); and if there is anyone else that will corroborate the allegations.

The Administrative Agent will also contact the Municipal Division of Tax Collection to determine where the tax bills are being sent. If they are sent to a different address than the property address on file with the Administrative Agent, then this is an indication that the owner is leasing the Affordable Unit.

The Administrative Agent will send a letter to the owner asking that it call the Administrative Agent within seven days. If the letter is returned, this will also suggest that the owner is not living in the unit. If the owner receives the letter and calls the Administrative Agent, the Administrative Agent will ask the owner about the allegations and request that they provide proof of residency, including copies of their driver’s license and utility bills. The Administrative Agent may also determine it is necessary to do an address search on the owner.

If it is determined that the owner is not living in the home, the enforcement provisions outlined in *Chapter VIII* will apply.

J. Non-payment of Condominium/Homeowner Association Dues, Taxes, Mortgages, and Foreclosure

When the Administrative Agent receives a report that the owner is falling behind in home owner association dues, taxes, and/or mortgage payments, it will immediately reach out to the owner. The purpose of this outreach is to:

- Educate the owner on the risks of not paying their condominium or homeowner association dues, taxes, and/or mortgage payments;
- Determine whether the owner has experienced a temporary or permanent loss of income;
- Recommend that they contact their condominium/homeowner association and/or mortgage company to see if they can set-up a repayment plan;

- Refer them to foreclosure prevention resources; and
- Advise them of the MRSP of their home if they are interested in selling the home before they become further behind.

The Administrative Agent will track the status of the unit and coordinate closely with the Municipality through its Tax Collection and/or Assessor's Office, as well as its Corporation Counsel, in order to be updated as to any water and sewer fees that are in arrears and any foreclosures on Affordable Units. Additionally, the Administrative Agent will notify the Municipal Corporation Counsel if it becomes aware that the home is in foreclosure or a lien has been placed on the unit by the condominium/homeowner association.

All deed restrictions must clearly specify that the affordability controls remain in effect despite the entry and enforcement of any judgment of foreclosure.

K. Waivers

The Administrative Agent has authority to grant waivers from some of the Affordable Housing rules. The Administrative Agent will complete a waiver request form for each request it receives outlining the details of the request and its decision to approve or deny the request.

1. Request to Rent Affordable Unit

Requests to rent a unit will only be approved on a temporary basis if the owner will be required to leave the area for a temporary period of time, such as military deployment. Each request will be reviewed by the Administrative Agent (as permitted by UHAC) based on the specific circumstances of the request. *Another example of where a request for waiver possibly would be approved is where the owner needs to go to another area to care for a sick relative for a short period (such as three months or less). A request for a waiver in order to move to another city to "try out" a new job for six months most likely would not be a basis for an approval.*

The Administrative Agent will determine the maximum rent based on the initial affordability pricing of the unit, and will select the tenant through Affirmative Marketing and random selection.

Other requests to rent units will be denied. These include requests from owners who would like to rent their home because they are unable to sell the unit for the full MRSP.

2. Request to Sell to a Higher Income Household

After an Affordable Unit has been affirmatively marketed for over 120 days and if there is no interested income-eligible purchaser for the Affordable Unit after 120 days, the owner may request an income waiver, that is, that the Affordable Unit be affirmatively marketed and sold to someone in a higher income level (a very-low-income unit to be sold to a low-income household; a low-income unit to be sold to a moderate-income household; and a moderate-income unit to be sold to a non-income eligible household). The following conditions will apply:

- If granted, this waiver will only apply to this sale, and the original income restriction will remain for future sales.
- Waivers may only be granted for the resale of existing deed restricted homes. In other words, initial sales are not eligible for a waiver to sell the home at a higher income level.

- At no time will the sale price of the home exceed the MRSP which is based on the income level that the unit is controlled for. In other words, granting a waiver will not increase the MRSP and the owner will not receive a higher sale amount as a result of the waiver.
- At least 30 days before any waiver is granted to permit a moderate-income unit to be sold to a non-income eligible household, the Administrative Agent will notify the Fair Share Housing Center in writing. The notification will include a description of the efforts to market and sell the unit to income-eligible households.

The first factor the Administrative Agent will consider in reviewing these requests is how long it takes to sell a similar Affordable Unit in the current housing market. It is not unusual for an Affordable Unit to be offered for sale for six months or more before a qualified buyer is found. The waiver request will not be considered until the Affordable Unit has exceeded the “typical” time period it takes to sell a home under current market conditions.

Next, the Administrative Agent will review the sale price of the Affordable Unit. The inability to sell a unit for the MRSP shall not, in and of itself, be considered an appropriate reason for granting a waiver. The Administrative Agent will review the sale price of recent, comparable affordable homes and determine if the owner should consider lowering the price. The condition of the unit and whether the Seller has consented to show the Affordable Unit to interested applicants will be factored into this analysis.

If the Affordable Unit has been affirmatively marketed for at least 120 days, the unit has been for sale longer than other Affordable Units typically take to sell with the sale price comparable to other sales, the owner has shown the Affordable Unit to interested buyers, and there is no interested income-eligible buyer, the waiver may be approved subject to the conditions listed above.

L. Requests for Improvements

The Administrative Agent will review requests to increase the MRSP of the Affordable Unit on the basis of capital improvements. Eligible capital improvements shall be an increase in the number of bedrooms only.

Owners may make other improvements to their Affordable Units, and they are not required to request approval from the Administrative Agent. This includes improvements such as new countertops or flooring that do not increase the MRSP.

M. Transfer of Ownership to Non-Income Certified Owner

Under the following circumstances, ownership of an Affordable Unit can be transferred to another owner without the new owner being income certified. These circumstances include:

- Transfer of ownership between husband and wife;
- The transfer of ownership between former spouses ordered as a result of a judicial decree of divorce or judicial separation, but not including sales to third parties; or
- The transfer of ownership through an executor’s deed to a Class A beneficiary (father, mother, grandparents, descendants, spouses, and, generally, civil union partners, or domestic partners).

This waiver will only apply to this sale, and the original income restriction will remain for future sales.

N. Enforcement

The guidelines for the enforcement of the affordable rules are outlined in *Chapter VIII*.

VI. Rental Program

The following is an overview of the process of filling a rental vacancy. See *New Rental Units* in *Chapter II* for a discussion of allowable fees and landlord-tenant selection criteria and *Chapter III* for a full discussion of management of the waiting list.

A. Filling Affordable Rental Vacancy

1. Landlord Notices of Vacancy

Landlords will notify the Administrative Agent when there will be a vacancy. Because of the Affirmative Marketing and income certification requirements, landlords will be advised that it may take up to two months to find a qualified tenant and longer if there is not high demand for a unit.

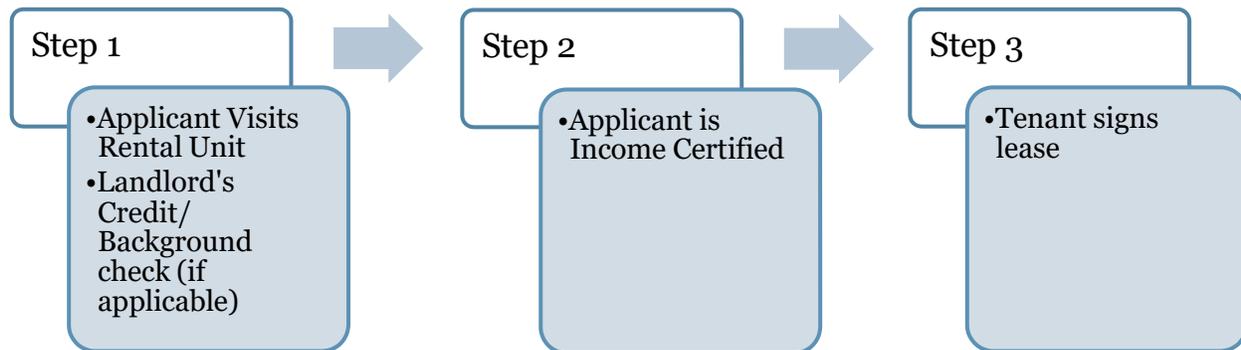
2. Calculating the Maximum Rent at Vacancy

The Administrative Agent will determine the Maximum Rent that can be charged to the new tenant. This will be based on initial rent when the first tenant occupied the unit and the annual increases permitted by the State. See Appendix A for updated maximum annual rent increase. (Annual rental increases will be calculated even if the landlord did not take all permitted annual increases for the previous tenant.) At the landlord's discretion, the landlord can choose to rent the unit for less than the Maximum Rent determined by the Administrative Agent.

3. Referring Applicants to Landlord

The Affirmative Marketing process is outlined in *Chapter III* of this manual. After the next household on the waiting list passes the Administrative Agent's preliminary screen, the applicant is referred to the landlord to see the unit. If the applicant wants to rent the unit, they will complete the landlord's application and pay any required landlord fees. (See *New Rental Units* in *Chapter II* for discussion of fees and landlord-tenant selection criteria.)

If the landlord approves the applicant, the landlord will notify the Administrative Agent and the Administrative Agent will invite the applicant to submit a full application (*Figure 12*).

Figure 12: Rental Income Certification Process

4. Income Certification and Signing the Lease

After the applicant is fully income certified, the landlord will be notified that they may execute a lease with a tenant. *Co-signers* are permitted if allowed by landlord. Applicants who are separated and do not have settlement agreements are permitted to rent an Affordable Unit. However, in order to calculate the household income at the time of the full income certification, the applicant will need to provide a division of assets signed by both parties.

A copy of the executed lease must be sent to Administrative Agent.

B. Lease Renewals

The Administrative Agent will calculate the allowable maximum rent each year (please see Appendix A entitled “Methodology for Calculating Regional Income Limits and Rental Increases”). The Administrative Agent will advise the landlord what the maximum amount of rent is and request the copy of the executed lease for the file. And, unlike some forms of Public Housing, the tenant’s right to tenancy at the allowable rent does not vary with any increases or decreases in the tenant’s income.

If the landlord chooses not to take the annual increase, the landlord may not take a larger increase the following year. *For example, if the landlord does not take the 2015 increase in 2015, they may not take the 2015 and 2016 increase the following year if the current tenant does not move out.*

Month-to-month leases are permitted. Additional fees for month-to-month leases are considered “optional fees.” See discussion of optional fees in *Chapter II*.

Income certification of tenants is NOT required at the time of lease renewal. Upon leasing an Affordable Unit to a new tenant, the landlord will be permitted to lease at the allowable rent level permitted at that time.

C. Adding Additional Household Members to the Lease

The household composition of the rental household may change over time. The Affordable Housing rules do not prohibit the tenant from changing the number of household members on the lease following occupancy. However, all changes to the lease must be approved by the landlord.

However, an applicant cannot change their household composition after they submit the full application or immediately after they are income certified. The household members on the new tenant's lease must match the household members listed on the income certification. This is to prevent applicants from changing their household composition in order to qualify for an Affordable Unit.

D. Income Designation of Units Are Fixed

The income designation and pricing tier of units are fixed and cannot be changed during the affordability period for any reason. *For example, if Unit 301 is a 3 bedroom Low-Income Unit and unit 201 is a 3 bedroom Moderate-Income unit, the landlord CANNOT change Unit 201 into the Low- Income unit and unit 301 into the Moderate-Income unit.*

E. Evictions

If the affordable tenant fails to pay rent or violates the terms of the lease, the landlord may take action as permitted by New Jersey Landlord Tenant laws.

F. Enforcement

The guidelines for the enforcement of the rental rules are outlined in *Chapter VIII*.

VII. Appeals

If an applicant for affordable housing is determined to be ineligible by the Administrative Agent, the applicant may submit additional proof and request reconsideration. Such request for reconsideration shall be made by the applicant within five (5) business days of receipt of notice of denial of ineligibility.

If a policy or decision regarding this program is appealed by an outside party, the Municipal Housing Liaison (a position established by Municipal Ordinance) will attempt to mediate the decision or policy to the satisfaction of all parties. Any situations that the Municipal Housing Liaison is unable to resolve will be forwarded to the Executive Director of the Agency (or its successor) for review or to the Superior Court of New Jersey, Somerset County.

VIII. Enforcement

The Municipality's Affordable Housing Ordinance provides specific guidelines in the event of breach of any of the guidelines governing the Affordable Units by an owner, developer, or tenant. Please refer to Municipality's Ordinance for the complete list of enforcement activities upon the occurrence of a breach of any of the regulations governing the affordable unit by an owner, developer or tenant. Some of these remedies may include, but are not limited to:

- Foreclosure;
- Tenant eviction;
- Municipal fines;
- A requirement for household recertification;
- Acceleration of all sums due under a mortgage;
- Recoupment of any funds from a sale in violation of the regulations;

- Injunctive relief to prevent further violation of the regulations; and
- Entry on the premises.

A. Written Notice

In accordance with the Municipality's Affordable Housing Ordinance, the Municipality will provide written notice of a violation to a household, developer or tenant of an Affordable Unit advising them of the violation and the related penalty for the violation. If the violation is not corrected within sixty (60) days after the written notice, the Municipality may take the actions outlined in this Chapter.

B. Penalties

The Municipality may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation, or violations, of the regulations governing the Affordable Unit. If the owner, developer, or tenant is found by the court to have violated any provision of the regulations governing Affordable Units, the owner, developer, or tenant shall be subject to one or more of the following penalties, at the discretion of the court:

- A fine of not more than \$1,000 or imprisonment for a period not to exceed 90 days, or both. Each day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not as a continuing offense;
- In the case of an owner who has rented his or her very low, low, or moderate income unit in violation of the regulations governing Affordable Units, payment into the Municipality's Affordable Housing Trust Fund of the gross amount of rent illegally collected; and
- In the case of an owner who has rented his or her very low, low, or moderate income unit in violation of the regulations governing Affordable Units, payment of an innocent tenant's reasonable relocation costs, as determined by the court.

The Municipality may file a court action in the Superior Court seeking a judgment, which would result in the termination of the owner's equity or other interest in the Affordable Unit, in the nature of a mortgage foreclosure. Any judgment shall be enforceable as if the same were a judgment of default of the first purchase money mortgage and shall constitute a lien against the low- and moderate-income unit.

C. Sheriff Sale

Such judgment shall be enforceable, at the option of the Municipality, by means of an execution sale by the Sheriff, at which time the very low, low, or moderate income unit of the violating owner shall be sold at a sale price which is not less than the amount necessary to satisfy and pay off any first purchase money mortgage and prior liens and the costs of the enforcement proceedings incurred by the Municipality fully, including attorneys' fees. The violating owner shall have the right to possession terminated as well as the title conveyed pursuant to the Sheriff's sale. The proceeds of the Sheriff's sale shall first be applied to satisfy the first purchase money mortgage lien and any prior liens upon the very low, low, or moderate income unit. The excess, if any, shall be applied to reimburse the Municipality for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the

Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the Municipality in full as aforesaid, the violating owner shall be personally responsible for and to the extent of such deficiency, in addition to any and all costs incurred by the Municipality in connection with collecting such deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the Municipality for the owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the owner shall make a claim with the municipality for such. Failure of the owner to claim such balance within the two-year period shall automatically result in a forfeiture of such balance to the Affordable Housing Trust as established by the Municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the municipality, whether such balance shall be paid to the owner or forfeited to the municipality.

Foreclosure by the municipality due to violation of the regulations governing Affordable Units shall not extinguish the restrictions of the regulations governing Affordable Units as the same apply to the very low, low, or moderate income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the Affordable Unit.

The owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.

If there are no bidders at the Sheriff's sale, or if insufficient amounts are bid to satisfy the first purchase money mortgage and any prior liens, the municipality may acquire title to the very low, low, or moderate income unit by satisfying the first purchase money mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the first purchase money mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the MRSP for which the very low, low, or moderate income unit could have been sold under the terms of the regulations governing Affordable Units. This excess shall be treated in the same manner as the excess which would have been realized from an actual sale as previously described.

Failure of the very low, low, or moderate income unit to be either sold at the Sheriff's sale or acquired by the municipality shall obligate the owner to accept an offer to purchase from any qualified purchaser which may be referred to the owner by the municipality, with such offer to purchase being equal to the MRSP of the very low, low, or moderate income unit as permitted by the regulations governing Affordable Units.

The owner shall remain fully obligated, responsible, and liable for complying with the terms and restrictions governing Affordable Units until such time as title is conveyed from the owner.

In the event that any provision in this Manual differs from the terms or penalties identified in the most current Affordable Housing Ordinance, then the Affordable Housing Ordinance (as may be from time to time modified, amended and/or revised by relevant New Jersey State laws and/or regulations) shall prevail. The invalidity or nonenforceability of any provision of this Manual in any respect shall not affect the validity or enforceability of any other provision of this Manual in any other respect.

GLOSSARY

“**Administrative Agent**” means the entity responsible for the administration of Affordable Units in accordance with the Municipality’s Affordable Housing Ordinance and as defined and with the responsibilities specified at N.J.A.C. 5:96, N.J.A.C. 5:97 and N.J.A.C. 5:80-26.1 et seq., as may be amended and supplemented.

“**Affirmative marketing**” means a regional marketing strategy designed to attract buyers and/or renters of Affordable Units pursuant to N.J.A.C. 5:80-26.15.

“**Affordable**” means a sales price or rent within the means of a very low, low- or moderate-income household as defined in N.J.A.C. 5:97-9; in the case of an ownership unit, that the sales price for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.6, as may be amended and supplemented, and in the case of a rental unit, that the rent for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.12, as may be amended and supplemented.

“**Affordable housing**” means housing units restricted to income-eligible very-low, low and moderate income households.”

“**Affordable Housing Development**” means 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-percent Affordable Housing development.

“**Affordable Housing Unit**” for the purposes of this manual means a housing unit proposed or created pursuant to the Fair Housing Act, for which credits are obtained pursuant to COAH regulations, and/or funded through an affordable housing trust fund.

“**Affordability Average**” means the average percentage of median income at which new restricted units in an Affordable Housing development are affordable to very low, low- and moderate-income households.

“**Agency**” means the New Jersey Housing and Mortgage Finance Agency established by P.L. 1983, c. 530 (N.J.S.A. 55:14K-1, et seq.).

“**Age-Restricted Unit**” means a housing unit designed to meet the needs of, and exclusively for, the residents of an age-restricted segment of the population such that: 1) all the residents of the development wherein the unit is situated are 62 years of age or older; or 2) at least 80 percent of the units are occupied by one person who is 55 years of age or older; or 3) the development has been designated by the Secretary of the U.S. Department of Housing and Urban Development as “housing for older persons” as defined in Section 807(b)(2) of the Fair Housing Act, 42 U.S.C. § 3607.

“**Application**” means both the Preliminary Application and the Full Application submitted by an interested renter or potential homeowner for Affordable Units in the Municipality.

- “**Preliminary Application**” means the initial application submitted by all households that wish to express their interest in and be considered for Affordable Housing. This Preliminary Application includes information about household income and composition in order to determine preliminary eligibility.

- **“Full Application”** means once an Affordable Unit appropriate for the Household (either to rent or buy) has been identified and the Household is nearing or next on the waiting list, the Household will be asked to submit a full application which requires that the income and household composition be updated and verified. The Administrative Agent will make a determination of the Household’s eligibility.

“Certified Household” means a Household that has been certified by an Administrative Agent as A Very Low, Low-Income or Moderate-Income Household.

“Closing Disclosure Form” means the form which in October 2015 replaced the commonly used HUD-1 Settlement Statement for residential real estate closings. The Closing Disclosure Form provides details about the mortgage loan selected by the buyer which includes the loan terms, projected monthly payments, and how much the buyer will pay in fees and other costs to obtain the mortgage (“closing costs”).

The lender is required to provide the Closing Disclosure Form to the buyer at least three business days before the closing on the mortgage loan. The Administrative Agent will review the Closing Disclosure Form to confirm that the sale price does not exceed the MRSP and that the buyer is not receiving cash back at closing.

“COAH” means the Council on Affordable Housing, or successor agency, which is in, but not of the Department of Community Affairs of the State of New Jersey, that was established under the New Jersey Fair Housing Act “to have primary jurisdiction for the administration of housing obligations in accordance with sound regional planning considerations in this State” N.J.S.A. 52:27D-304 (a).

“Contract for Sale” means a legally binding agreement between a buyer and seller for the sale or transfer of real estate. See also, **“Purchase Agreement”**.

“CTM” means the online COAH Tracking and Monitoring system to which new units are added after initial sale or initial rental.

“DCA” means the State of New Jersey Department of Community Affairs.

“Developer” means any person, partnership, association, company or corporation that is the legal or beneficial owner or owners of a lot or any land proposed to be included in a proposed development, including the holder of an option to contract to purchase, or other person having an enforceable proprietary interest in such land.

“Development” means the division of a parcel of land into two or more parcels, the construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any use or change in the use of any building or other structure, or of any mining, excavation or landfill, and any use or change in the use of any building or other structure, or land or extension of use of land, for which permission may be required pursuant to N.J.S.A. 40:55D-1, et seq.

“Eligibility Period” means once the Full Application for an Affordable Unit has been submitted with the applicant certifying that all information is complete and true, the applicant enters the Eligibility Period. During this one to two-week time frame, as the Household’s eligibility is being reviewed, the applicant is not permitted to change the employment status of any Household member in order to become eligible for Affordable Housing nor change the Household composition from what is listed on the Full Application. *For example, the applicant cannot add a member to their Household, subtract a member, quit a job, or get a new job, or a raise during the Eligibility Period.* If the applicant does make changes during this Eligibility Period, the Household will be determined ineligible and lose their position on the waiting list. However, the applicant may reapply with their new income and/or Household composition and will be assigned a new position on the waiting list.

“Fair Housing Act” means the Fair Housing Act of 1985, P.L. 1985, c. 222 (N.J.S.A. 52:27D-301 et seq.)

“Full Application” (see **“Application”**).

“Housing Authority” means the Public Housing Agency which manages and operates publicly assisted units in the Municipality.

“Affordable Housing Ordinance” means that chapter or section of the municipal ordinance (the rules, regulations and codes enacted by a local government) addressing local affordable housing programs and procedures, as may be amended and supplemented.

“HOME Program” means the HUD funded HOME Investment Partnerships Program that provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating Affordable Housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create Affordable Housing for Low-Income Households.

“Household” means, in accordance with HUD definitions and UHAC practice, the number of persons in the Affordable unit and not the size of the Affordable unit. See for example, HUD’s definition of household as “[o]ne or more persons occupying a housing unit” -- in other words, the number of persons in the home. HUD website accessed 6/13/2016. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary/ See also UHAC regulation N.J.A.C. 5:80-26.4, “In determining the initial rents and initial sales prices for compliance with the affordability average requirements for restricted units ... the following standards shall be used: 1. A studio shall be affordable to a one-person household.”

“Housing Region” means a geographic area, determined by COAH, of no less than two and no more than four contiguous, whole counties, which exhibits significant social, economic, and income similarities and which constitutes, to the greatest extent practicable, a Primary Metropolitan Statistical Area (PMSA), as last defined by the United States Census Bureau.

“**HUD**” means the US Department of Housing and Urban Development. “**Interest Date**” means the date on which a Household submits its Preliminary Application thereby establishing its place on the priority list for consideration of Affordable Units.

“**LAD**” means the New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq., prohibits, among other discriminatory actions, discrimination when selling or renting property.

“**Low-income Household**” means a household with a total gross annual household income equal to 50 percent or less of the median household income for the housing region.

“**Low-income unit**” means a restricted unit that is affordable to a low-income household.

“**Market-rate units**” means housing not restricted to very low, low- and moderate-income households that may sell or rent at any price.

“**Maximum Restricted Sales Price**” or “**MSRP**” means the maximum sales price of restricted ownership units within each affordable development upon resale of the Affordable Unit in accordance with N.J.A.C. 5:80-26.3(e) which states that such units “shall be affordable to households earning no more than 70 percent of median income. Each affordable development must achieve an affordability average of 55 percent for restricted ownership units. See Glossary for definition of “**Affordability Average.**” In achieving this Affordability Average, moderate-income ownership units must be available for at least three different prices for each bedroom type, and low-income ownership units must be available for at least two different prices for each bedroom type.” *For example, a two-bedroom moderate income unit originally sold for \$85,000 and another exactly similar unit originally sold for \$105,000. There always will be a disparate MSRP for resales of these two units. Both moderate income units are priced differently to reach different income levels of moderate income households.*

“**Median income**” means the median income by household size for the applicable housing region as adopted annually by COAH or a successor entity approved by the Court.

“**Moderate-income household**” means a household with a total gross annual household income in excess of 50 percent but less than 80 percent of the median household income for the housing region.

“**Moderate-income unit**” means a restricted unit that is affordable to a moderate-income household.

“**Municipal Housing Liaison**” means a position established by ordinance of the Municipality where the individual as a part time or full time employee of the Municipality is responsible for the oversight and administration of the Affordable Housing program for the Municipality

“**PHA**” means Public Housing Authority. See below for definition.

“**PMI**” means private mortgage insurance. PMI is a type of mortgage insurance used with conventional loans. Like other kinds of mortgage insurance, PMI protects the lender (not the homebuyer) if the homebuyer stops making payments on the loan. PMI is arranged by the lender and provided by private insurance companies. PMI is usually required when the homebuyer has a conventional loan and makes a down payment of less than 20 percent of the

home's purchase price. PMI also is usually required when a homeowner is refinancing with a conventional loan and the owner's equity is less than 20 percent of the value of the home. <http://www.consumerfinance.gov/>, US Consumer Financial Protection Bureau, accessed August 10, 2016.

“Preliminary Application” (see **“Application”**).

“Public Housing” “Public Housing Authority” means those public housing units which are funded largely by governmental programs such as those administered by HUD programs which are owned, operated and managed by a public housing authority (**“PHA”**). As defined by HUD, “public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high rise apartments for elderly families. There are approximately 1.2 million households [in the US] living in public housing units [.]” http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph, HUD Website, accessed June 7, 2016.

“Purchase Agreement” means a not legally binding, “internal” generated document between a buyer and seller of residential real estate to establish and ensure that the Affordable Unit will be affordable to the buyer. It stipulates such terms as the Maximum Restricted Sale Price (or Maximum Permitted Resale Price) of the unit, the agreed upon purchase price, the amount of good faith deposit, and the items to be included in the sale price of the unit. (See “Contract of Sale”).

“Random selection process” means a process by which currently income-eligible households are selected for placement in Affordable Units such that no preference is given to one applicant over another except for purposes of matching household income and size with an appropriately priced and sized Affordable Unit (e.g., by lottery).

“Redevelopment Plan” means a plan adopted by the Municipality for the redevelopment or rehabilitation of all or any part of a redevelopment area, or area in need of rehabilitation, pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq.

“Regional Asset Limit” means the maximum housing value in each housing region affordable to a four-person household with an income at 80 percent of the regional median as defined by duly adopted Regional Income Limits published annually by COAH or a successor entity.

If a Household (seeking to be certified for an Affordable Unit) owns a primary residence (with no mortgage on the property) valued at or above the regional asset limit as published annually by COAH, a Certificate of Eligibility will be denied unless the Applicant's existing monthly housing costs (including principal, interest, taxes homeowner and private mortgage insurance, and condominium and homeowner association fees as applicable) exceed 38 percent of the household's eligible monthly income. N.J.A.C. 5:80-26.16(b)(3).

“Regional Preference” means that in accordance with UHAC, municipalities may wish to give preference to applicant households that live or work in their COAH housing region. If so, the municipality must state this preference as part of its affordable housing ordinance. This preference cannot be limited to families that live or work in the host municipality – if preference is given, it must be given to all households that live or work in their COAH housing region. COAH divides New Jersey’s 21 counties into six housing regions as outlined on COAH’s Annual Regional Income Limits Chart.

“Rent” means the gross monthly cost of a rental unit to the tenant, including the rent paid to the landlord, as well as an allowance for tenant-paid utilities computed in accordance with allowances published by DCA for its Section 8 program. In assisted living residences, rent does not include charges for food and services.

“Restricted Unit” means a dwelling unit, whether a rental unit or an ownership unit, that is subject to the affordability controls of N.J.A.C. 5:80-26.1, as amended and supplemented, but does not include a market-rate unit financed under the Urban Homeownership Recovery Program (“UHORP”) or the Market Oriented Neighborhood Investment program (“MONI”) of the Agency.

“UHAC” means the Uniform Housing Affordability Controls adopted by the State of New Jersey and set forth in N.J.A.C. 5:80-26.1, et seq.

“Very Low-Income Household” means a household with a total gross annual household income equal to 30 percent or less of the median household income for the applicable housing region.

“Very Low-Income Unit” means a restricted unit that is affordable to a very low-income household.

“Veterans Preference” means the municipality and Developer or residential development owner may enter into an agreement to provide a preference for affordable housing to very low, low and moderate income veterans who served in time of war or other emergency, as defined in section 1 of P.L.1963, c. 171 (C.54:4-8.10), of up to 50 percent of the affordable units in that particular project. This provision is in accordance with N.J.S.A. 52:27D-311 (j). This preference shall be established in the applicant selection process for available affordable units so that applicants who are veterans who served in time of war or other emergency, as referenced in this subsection, and who apply within 90 days of the initial marketing period shall receive preference for the rental of the agreed-upon percentage of affordable units. After the first 90 days of the initial 120-day marketing period, if any of those units subject to the preference remain available, then applicants from the general public shall be considered for occupancy. After the 120 –day marketing period, veterans will continue to get preference over non-veterans, as the units become available, whenever the percentage of preference-occupied units falls below the agreed upon percentage.

Appendix A: Annual Information Update

The following information is subject to change annually:

- Regional Maximum Income Limits
- Regional Asset Limits
- Annual Maximum Restricted Sale Price Increase
- Annual Maximum Rental Increase Amount

Methodology for Calculating Regional Income Limits and Rental Increase:

Income limits for all units that are part of the municipality's Housing Element and Fair Share Plan and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the municipality annually within 30 days of the publication of determinations of median income by HUD as follows:

- a. Regional income limits shall be established for the region that the municipality is located within, based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the municipality's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.
- b. The income limits attached hereto as Exhibit B are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for the current year and shall be utilized until the municipality updates the income limits after HUD has published revised determinations of median income for the next fiscal year.
- c. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Municipality annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.

In establishing sale prices and rents of affordable housing units, the administrative agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

- a. The resale prices of owner-occupied low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region determined pursuant to the process outlined above. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.

- b. The rent levels of very-low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed nine percent in any one year. Rents for units constructed pursuant to low income housing tax credit regulations shall be indexed pursuant to the regulations governing low income housing tax credits.

EXHIBIT K

**A RESOLUTION ADOPTING AN AFFORDABILITY ASSISTANCE MANUAL
FOR THE BRIDGEWATER TOWNSHIP HOUSING AFFORDABLE HOUSING
PROGRAM**

WHEREAS, pursuant to the Fair Housing Act, N.J.S.A. 52:27D-301, *et seq.* (“FHA”), the Township of Bridgewater is required to adopt an affordability assistance manual for the Township’s affordable housing program (“manual”) by March 15, 2026, and

WHEREAS, a manual dated February 2026, has been prepared and is annexed hereto as Exhibit A; and

WHEREAS, the Township seeks to comply with all aspects of the FHA in order to obtain a Compliance Certification and immunity from exclusionary zoning and builder’s remedy lawsuits.

NOW, THEREFORE, BE IT RESOLVED on this 5th day of March, 2026, by the Council of the Township of Bridgewater, Somerset County, State of New Jersey, as follows:

1. The affordability assistance manual attached hereto as Exhibit A is hereby adopted.
2. This resolution shall take effect immediately.

Introduced	Seconded	Council	Aye	Nay	Abstain	Absent
	✓	Bucko	✓			
		Isla	✓			
		Kirsh	✓			
✓		Ring	✓			
		Geiger	✓			

Adopted: March 5, 2026

I hereby certify this is a true and exact copy of a resolution adopted by the Bridgewater Township Council on March 5, 2026

Grace W. Njuguna

Grace Njuguna, RMC, Township Clerk

Affordability Assistance

Township of Bridgewater *New Jersey*

Affordability Assistance Policies and Procedures Manual

February 2026

As administered by:

**Rehabco Inc.
44 East Water Street
Toms River NJ 08753
732 477-7750**

Bridgewater Affordability Assistance Policies and Procedures Manual

Policies & Procedures Manual

Introduction

The Township of Bridgewater has dedicated funding from its Affordable Housing Trust Fund to operate this Affordability Assistance Program. Trust funds come from Development Fees levied upon developers in accordance with the Township's Development Fee Ordinance, and may sometimes come from a payment in lieu of construction of affordable units for a specific development project. The creation of these Affordability Assistance programs is designed to help implement each of the program areas as laid out in the Township's 2026 Spending Plan.

The purpose of this Manual is to describe the policies and procedures of the Affordability Assistance Programs. It has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations, terms, and/or procedures. Where it is found that a new procedure may be more effective or can eliminate a recurring problem, that procedure may be incorporated into the program operation by amending this Manual. In addition, this manual may be periodically revised to reflect changes in local, state, and federal policies and regulations relative to implementation of the affordable housing programs described herein.

Future Supportive/Special Needs Units As demonstrated in the HEFSP, Bridgewater encourages and enables supportive and special needs housing units to locate within the community. Bridgewater seeks to reserve funding for future partnerships to bring additional supportive/special needs units to the Township. This plan envisions up to \$3,000,000 earmarked for this mechanism, which is dependent upon development fees collected. This program is provided on a first-come, first served basis. Half of these funds will be reserved for very-low-income units.

Emergency Assistance Repairs Bridgewater is reserving up to \$110,000 for emergency assistance for minor repairs and replacements that do not conform to the minimums needed for enrollment in the rehabilitation program. This program will only be available to deed-restricted affordable units. This program is provided on a first-come, first served basis.

Water Heater Replacement This program would only be available to those extending controls on their units. This program would upgrade the mechanical equipment within the unit, making it more energy efficient. A maximum of \$1,500 per unit would be available for a water heater (existing heater must be eight years or older). Up to \$37,500 is reserved for this program. This program provides assistance on a first-come, first served basis.