

**RESOLUTION #25-287**

**FRANKLIN TOWNSHIP, SOMERSET COUNTY**

**RESOLUTION ENDORSING THE FOURTH ROUND HOUSING ELEMENT AND FAIR SHARE PLAN, APPROVING DRAFT IMPLEMENTING ORDINANCES, APPROVING A FOURTH ROUND SPENDING PLAN, AND AUTHORIZING THE SUBMISSION OF SAID PLAN AND MATERIALS TO THE AFFORDABLE HOUSING DISPUTE RESOLUTION PROGRAM**

**WHEREAS**, on March 20, 2024, Governor Murphy signed into law P.L. 2024, c.2, which amends the New Jersey Fair Housing Act, P.L. 1985, c.222, N.J.S.A. 52:27D-301, et seq. (the "**Amended FHA**"); and

**WHEREAS**, pursuant to the Amended FHA, municipalities were authorized to determine the Present Need obligation (Rehabilitation) and Prospective Need obligation of their fair share of the regional need for low- and moderate-income housing ("**Fourth Round Obligation**") for the ten (10) year period beginning on July 1, 2025 (the "**Fourth Round**"); and

**WHEREAS**, pursuant to the Amended FHA, should a municipality determine its Fourth Round Obligation and submit said determination to the Affordable Housing Dispute Resolution Program (the "**Program**") by January 31, 2025, the municipality's determination would be established by default and bear a presumption of validity beginning on March 1, 2025, unless challenged by an interested party on or before February 28, 2025; and

**WHEREAS**, the Township Council of the Township of Franklin (the "**Township Council**") adopted a Resolution on January 28, 2025, setting forth a determination of its Fourth Round Obligation; and

**WHEREAS**, in accordance with N.J.S.A. 52:27D-311(m) of the Amended FHA, the Township of Franklin (the "**Township**") retained all rights and privileges in the preparation of a Housing Element and Fair Share Plan, including, the development and implementation of a vacant land adjustment, or any other applicable adjustment to the Township's Prospective Need obligation; and

**WHEREAS**, pursuant to the Amended FHA, the Township filed its duly adopted Resolution with the Program on January 30, 2025; and

**WHEREAS**, the filing of said Resolution gave the Township automatic, continued immunity from all inclusionary lawsuits, including Builder's Remedy Lawsuits, which is still in full force and effect; and

**WHEREAS**, a challenge to the Township's determination was filed by the New Jersey Builders' Association, contending that the Township's Prospective Need obligation should mirror the non-binding estimate set forth by the New Jersey Department of Community Affairs in its report dated October 18, 2024; and

**WHEREAS**, pursuant to Directive No. 14-24, which promulgated the Program's rules and procedures, a Settlement Conference was scheduled between the parties and a settlement was reached; and

**WHEREAS**, consistent with that settlement, which was approved by a duly adopted Resolution of the Township Council on April 8, 2025, the Court issued an Order on April 15, 2025,

establishing the Township's Fourth Round Obligation consisted of a Present Need (Rehabilitation) obligation of 268 units and the Prospective Need obligation 659 units/credits; and

**WHEREAS**, now that the Township has had its Fourth Round Obligation established, the Amended FHA requires that the Township adopt a Housing Element and Fair Share Plan by June 30, 2025, and submit said plan to the Program along with drafts of the ordinances necessary to implement the Township's Fourth Round Obligation; and

**WHEREAS**, in accordance with the Amended FHA, the Township's professionals prepared the "Housing Plan Element & Fair Share Plan – Fourth Round (2025-2035)", dated May 29, 2025 (the "HEFSP"), which was adopted by the Township's Planning Board on June 18, 2025; and

**WHEREAS**, the Township Council wishes to endorse the HEFSP; and

**WHEREAS**, consistent with the Amended FHA, the Township Council wishes to approve for submission with the HEFSP a draft form of those inclusionary zoning ordinances required to implement the Township's Fourth Round Obligation, which are included in the HEFSP and attached hereto as follows, and which are approved for submission in draft form for review and consideration by the Program, with all rights reserved and subject to the future introduction, notice, public hearing, and enactment by the Township Council in accordance with applicable law:

- Exhibit A. "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District, Entitled MFIZ-1, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements";
- Exhibit B. "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District, Entitled MFIZ-2, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements";
- Exhibit C. "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District Entitled MFIZ-3, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements"; and
- Exhibit D. "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District, Entitled MFIZ-4, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements."

**WHEREAS**, the Township Council further desires to approve the Fourth Round Spending Plan incorporated in the HEFSP and attached hereto as Exhibit E (the "Spending Plan"), which provides an up-to-date status of credited affordable housing projects and addresses projects outlined in the Township's Fourth Round HEFSP, and which will be amended as needed to respond to affordable housing needs or opportunities that may emerge, and significant changes to anticipated revenue, if any; and

**WHEREAS**, the Township Council desires to authorize the Township Attorney to take all action necessary to file the Fourth Round HEFSP and its supporting materials with the Program so that the Township may retain immunity from all inclusionary lawsuits, including Builder's Remedy Lawsuits.

**NOW, THEREFORE, BE IT RESOLVED** by the Township Council of the Township of Franklin (the "Township Council") as follows:

1. The foregoing recitals are hereby incorporated by reference as if fully set forth herein.
2. The Township Council hereby endorses the Housing Plan Element & Fair Share Plan – Fourth Round (2025-2035), dated May 29, 2025 (the "**HEFSP**").
3. The Township Council approves for submission to the Program the following inclusionary zoning ordinances, which will be filed in draft form for review and consideration by the Affordable Housing Dispute Resolution Program, with all rights reserved and subject to the future introduction, notice, public hearing, and adoption by the Township Council in accordance with applicable law:

Exhibit A: "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District, Entitled MFIZ-1, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements";

Exhibit B: "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District, Entitled MFIZ-2, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements";

Exhibit C: "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District Entitled MFIZ-3, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements"; and

Exhibit D: "An Ordinance Amending Chapter 112 (Land Development) of the Code of the Township of Franklin, County of Somerset, and State of New Jersey to Establish an Inclusionary Zone District, Entitled MFIZ-4, Providing Affordable Housing Units to Be Developed Subject to Certain Conditions and Requirements."

4. The Township Council approves the Fourth Round Spending Plan incorporated in the HEFSP and attached hereto as Exhibit E, subject to any amendments as needed to respond to affordable housing needs or opportunities that may emerge, and any changes to anticipated revenue.
5. The Township Council authorizes the Township Attorney to take all action necessary to file the Fourth Round HEFSP and its supporting materials with the Program so that

the Township may retain immunity from all inclusionary lawsuits, including Builder's Remedy Lawsuits.

6. This Resolution shall take effect immediately.

**SO RESOLVED**, as aforesaid.

**CERTIFICATION**

I, Ann Marie McCarthy, Township Clerk of the Township of Franklin, in the County of Somerset, do hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the Township Council at a Work Session/Regular Meeting held on 6/24/2025.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of said Township this 6/24/2025.



Ann Marie McCarthy  
Township Clerk

**TOWNSHIP OF FRANKLIN  
ORDINANCE NO. 2025-XXX**

**AN ORDINANCE AMENDING CHAPTER 112 (LAND DEVELOPMENT) OF THE  
CODE OF THE TOWNSHIP OF FRANKLIN, COUNTY OF SOMERSET, AND STATE  
OF NEW JERSEY TO ESTABLISH AN INCLUSIONARY ZONE DISTRICT,  
ENTITLED MFIZ-I, PROVIDING AFFORDABLE HOUSING UNITS TO BE  
DEVELOPED SUBJECT TO CERTAIN CONDITIONS AND REQUIREMENTS**

**WHEREAS**, the Township of Franklin will satisfy its affordable housing obligation in accordance with the New Jersey Fair Housing Act and the Township's most recently adopted Housing Plan Element & Fair Share Plan; and

**WHEREAS**, N.J.S.A. 4:55D-62 provides the governing body with the power to create zoning districts and related requirements to effectuate the Township Master Plan and Housing Plan Element and Fair Share Plan; and

**WHEREAS**, the Township Council recognizes the importance of providing a realistic opportunity to produce its fair share obligation for the Fourth Round and to allow for the opportunity of housing choices within the Township; and

**WHEREAS**, the most recently adopted Housing Plan Element & Fair Share Plan includes inclusionary developments to provide the Township with low and moderate income affordable units.

**NOW THEREFORE, BE IT ORDAINED** by the Township Council of the Township of Franklin, County of Somerset, State of New Jersey, that a Multi Family Inclusionary Zone (MFIZ-I) is hereby established and applied to certain lands along Davidson Avenue as follows:

**SECTION 1.** Chapter 112 entitled "Land Development" of the Township of Franklin, is hereby amended and supplemented to create a new zoning district to be added as Article XLIII, entitled MFIZ-I as follows:

§345 Multi Family Inclusionary Zone (MFIZ-I) District. The purpose of the Multi Family Inclusionary Zone is to implement the Township Housing Plan Element and Fair Share Plan by providing for the opportunity to develop an inclusionary residential development that incorporates an appropriate affordable housing set-aside to address the Fourth Round obligation of the Township for the period 2025-2035. The MFIZ-I district provides for the development of affordable housing for low- and moderate-income housing in a suitable location.

(1) Applicability. The Multi Family Inclusionary Zone District shall be applied to that property being known as Block 468.01 Lot 15.01 in the Township Tax Map. The Official Zoning Map of the Township of Franklin is hereby amended in accordance with the foregoing and is incorporated by reference. The Multi Family Inclusionary Zone District shall be permitted to be developed with a 100% affordable residential development and with 100 % of the total number of the residential units to be reserved for very-low/low/moderate income households. The development of affordable units shall follow the very-low/low/moderate income households and bedroom split outlined below:

- (a) The development of affordable housing shall include at least 50 % low income and very low-income households with at least 13 % of the affordable units being set aside for very low-income households and up to 50 % of the affordable units set aside for moderate income households.
  - (b) Affordable housing units shall include up to 40 % of the affordable units as one-bedroom units and 59 % of the affordable units as two-bedroom units, and 1 % of the affordable units as three-bedroom units.
- (2) For the purpose of permitting the development of an inclusionary development the provisions and requirements of the Multi Family Inclusionary Zone District shall supersede the provisions and restrictions of the underlying zone districts. In the event of a conflict between the provisions of this section and other sections of the Township development regulations with respect to the development of affordable housing, the provisions of the MFIZ-1 District shall govern.
- (3) Principal Permitted Use shall be inclusionary affordable housing development of apartment buildings.
- (4) Accessory Uses. The following shall be permitted:
  - (a) Clubhouse;
  - (b) Outdoor pool(s);
- (5) Maximum Density.
  - (a) The number of dwelling units shall not exceed 142 dwelling units
- (5) Affordable housing requirements.
  - (a) Affordable housing shall be provided through a 100% affordable housing set-aside.

**TOWNSHIP OF FRANKLIN  
ORDINANCE NO. 2025-XXX**

**AN ORDINANCE AMENDING CHAPTER 112 (LAND DEVELOPMENT) OF THE  
CODE OF THE TOWNSHIP OF FRANKLIN, COUNTY OF SOMERSET, AND STATE  
OF NEW JERSEY TO ESTABLISH AN INCLUSIONARY ZONE DISTRICT ENTITLED  
MFIZ-3, PROVIDING AFFORDABLE HOUSING UNITS TO BE DEVELOPED  
SUBJECT TO CERTAIN CONDITIONS AND REQUIREMENTS**

**WHEREAS**, the Township of Franklin will satisfy its affordable housing obligation in accordance with the New Jersey Fair Housing Act and the Township's most recently adopted Housing Plan Element & Fair Share Plan; and

**WHEREAS**, N.J.S.A. 4:55D-62 provides the governing body with the power to create zoning districts and related requirements to effectuate the Township Master Plan and Housing Plan Element and Fair Share Plan; and

**WHEREAS**, the Township Council recognizes the importance of providing a realistic opportunity to produce its fair share obligation for the Fourth Round and to allow for the opportunity of housing choices within the Township; and

**WHEREAS**, the most recently adopted Housing Plan Element & Fair Share Plan includes inclusionary developments to provide the Township with low and moderate income affordable units.

**NOW THEREFORE, BE IT ORDAINED** by the Township Council of the Township of Franklin, County of Somerset, State of New Jersey, that a Multi Family Inclusionary Zone (MFIZ-3) is hereby established and applied to certain lands along Davidson Avenue as follows:

**SECTION 1.** Chapter 112 entitled "Land Development" of the Township of Franklin, is hereby amended and supplemented to create a new zoning district to be added as Article XLV, entitled MFIZ-3, as follows:

§348 Multi Family Inclusionary Zone (MFIZ-3) District. The purpose of the Multi Family Inclusionary Zone is to implement the Township Housing Plan Element and Fair Share Plan by providing for the opportunity to develop an inclusionary residential development that incorporates an appropriate affordable housing set-aside to address the Fourth Round obligation of the Township for the period 2025-2035. The MFIZ-3 district provides for the development of affordable housing for low- and moderate-income housing in a suitable location.

- (1) Applicability. The Multi Family Inclusionary Zone District shall be applied to those properties being known as Block 502.01 Lots 47.02, 50.01 and 51.01 in the Township Tax Map. The Official Zoning Map of the Township of Franklin is hereby amended in accordance with the foregoing and is incorporated by reference. The Multi Family Inclusionary Zone District shall be permitted to be developed with a residential housing development with a minimum of 50% of the total number of the residential units be developed as affordable units. The development of affordable units shall follow the very-low/low/moderate income and bedroom split outlined below:



- (a) The development of affordable housing shall include 50 % low income and very low-income households with at least 13 % of the affordable units being set aside for very low-income households and 50 % of the affordable units set aside for moderate income households.
  - (b) Affordable housing units shall set aside a maximum of 20 % of the affordable units as one-bedroom units, 48 % of the affordable units as two-bedroom units, and at least 32 % of the affordable units as three-bedroom units.
- (2) For the purpose of permitting the development of an inclusionary development the provisions and requirements of the Multi Family Inclusionary Zone District shall supersede the provisions and restrictions of the underlying zone districts. In the event of a conflict between the provisions of this section and other sections of the Township development regulations with respect to the development of affordable housing, the provisions of the MFIZ-3 District shall govern.
- (3) Principal Permitted Use shall be an inclusionary housing development of apartment buildings
- (4) Accessory Uses. The following shall be permitted:
  - (a) Open space area(s);
  - (b) Indoor recreation areas;
- (5) Maximum Density.
  - (a) The number of dwelling units shall not exceed 260 dwellings inclusive of affordable units.
- (5) Affordable housing requirements.
  - (a) Affordable housing shall be provided through a 50% affordable housing set-aside.



**TOWNSHIP OF FRANKLIN  
ORDINANCE NO. 2025-XXX**

**AN ORDINANCE AMENDING CHAPTER 112 (LAND DEVELOPMENT) OF THE  
CODE OF THE TOWNSHIP OF FRANKLIN, COUNTY OF SOMERSET, AND STATE  
OF NEW JERSEY TO ESTABLISH AN INCLUSIONARY ZONE DISTRICT,  
ENTITLED MFIZ-2, PROVIDING AFFORDABLE HOUSING UNITS TO BE  
DEVELOPED SUBJECT TO CERTAIN CONDITIONS AND REQUIREMENTS**

**WHEREAS**, the Township of Franklin will satisfy its affordable housing obligation in accordance with the New Jersey Fair Housing Act and the most recently adopted Housing Plan Element & Fair Share Plan; and

**WHEREAS**, N.J.S.A. 4:55D-62 provides the governing body with the power to create zoning districts and related requirements to effectuate the Township Master Plan and Housing Plan Element and Fair Share Plan; and

**WHEREAS**, the Township Council recognizes the importance of providing a realistic opportunity to produce its fair share obligation for the Fourth Round and to allow for the opportunity of housing choices within the Township; and

**WHEREAS**, the most recently adopted Housing Plan Element & Fair Share Plan includes inclusionary developments to provide the Township with low and moderate income affordable units.

**NOW THEREFORE, BE IT ORDAINED** by the Township Council of the Township of Franklin, County of Somerset, State of New Jersey, that a Multi Family Inclusionary Zone (MFIZ-2) is hereby established and applied to certain lands along Elizabeth Avenue as follows:

**SECTION 1.** Chapter 112 entitled "Land Development" of the Township of Franklin, is hereby amended and supplemented to create a new zoning district to be added as Article XLIV, entitled MFIZ-2 as follows:

§346 Multi Family Inclusionary Zone (MFIZ-2) District. The purpose of the Multi Family Inclusionary Zone is to implement the Township Housing Plan Element and Fair Share Plan by providing for the opportunity to develop an inclusionary residential development that incorporates an appropriate affordable housing set-aside to address the Fourth Round obligation of the Township for the period 2025-2035. The MFIZ-2 district provides for the development of affordable housing for low- and moderate-income housing in a suitable location.

- (1) Applicability. The Multi Family Inclusionary Zone District shall be applied to that property being known as Block 500.01 Lot 1 in the Township Tax Map. The Official Zoning Map of the Township of Franklin is hereby amended in accordance with the foregoing and is incorporated by reference. The Multi Family Inclusionary Zone District shall be permitted to be developed with a residential housing development with a minimum of 50% of the total number of the residential units be reserved for very-low/low/moderate income households. The development of affordable units shall follow the very-low/low/moderate income households and bedroom split outlined below:

- (a) The development of affordable housing shall include at least 50 % low income and very low-income households with at least 13 % of the affordable units being set aside for very low-income households and up to 50 % of the affordable units set aside for moderate income households.
  - (b) Affordable housing units shall include up to 20 % of the affordable units as one-bedroom units, 48 % of the affordable units as two-bedroom units, and at least 32 % of the affordable units as three-bedroom units.
- (2) For the purpose of permitting the development of an inclusionary development the provisions and requirements of the Multi Family Inclusionary Zone District shall supersede the provisions and restrictions of the underlying zone districts. In the event of a conflict between the provisions of this section and other sections of the Township development regulations with respect to the development of affordable housing, the provisions of the MFIZ-2 District shall govern.
- (3) Principal Permitted Use shall be inclusionary affordable housing development of apartment buildings.
- (4) Accessory Uses. The following shall be permitted:
  - (a) Indoor recreation areas;
  - (b) Outdoor pool(s)
- (5) Maximum Density.
  - (a) The number of dwelling units shall not exceed 200 dwellings inclusive of affordable units.
- (5) Affordable housing requirements.
  - (a) Affordable housing shall be provided through a 50% affordable housing set-aside.

**TOWNSHIP OF FRANKLIN  
ORDINANCE NO. 2025-XXX**

**AN ORDINANCE AMENDING CHAPTER 112 (LAND DEVELOPMENT) OF THE  
CODE OF THE TOWNSHIP OF FRANKLIN, COUNTY OF SOMERSET, AND STATE  
OF NEW JERSEY TO ESTABLISH AN INCLUSIONARY ZONE DISTRICT,  
ENTITLED MFIZ-4, PROVIDING AFFORDABLE HOUSING UNITS TO BE  
DEVELOPED SUBJECT TO CERTAIN CONDITIONS AND REQUIREMENTS**

**WHEREAS**, the Township of Franklin will satisfy its affordable housing obligation in accordance with the New Jersey Fair Housing Act and the most recently adopted Housing Plan Element & Fair Share Plan; and

**WHEREAS**, N.J.S.A. 4:55D-62 provides the governing body with the power to create zoning districts and related requirements to effectuate the Township Master Plan and Housing Plan Element and Fair Share Plan; and

**WHEREAS**, the Township Council recognizes the importance of providing a realistic opportunity to produce its fair share obligation for the Fourth Round and to allow for the opportunity of housing choices within the Township; and

**WHEREAS**, the most recently adopted Housing Plan Element & Fair Share Plan includes inclusionary developments to provide the Township with low and moderate income affordable units.

**NOW THEREFORE, BE IT ORDAINED** by the Township Council of the Township of Franklin, County of Somerset, State of New Jersey, that a Multi Family Inclusionary Zone (MFIZ-4) is hereby established and applied to certain lands along Franklin Boulevard as follows:

**SECTION 1.** Chapter 112 entitled "Land Development" of the Township of Franklin, is hereby amended and supplemented to create a new zoning district to be added as Article XLIV, entitled MFIZ-4 as follows:

§346 Multi Family Inclusionary Zone (MFIZ-4) District. The purpose of the Multi Family Inclusionary Zone is to implement the Township Housing Plan Element and Fair Share Plan by providing for the opportunity to develop an inclusionary residential development that incorporates an appropriate affordable housing set-aside to address the Fourth Round obligation of the Township for the period 2025-2035. The MFIZ-3 district provides for the development of age-restricted affordable housing for low- and moderate-income housing in a suitable location.

- (1) Applicability. The Multi Family Inclusionary Zone (MFIZ-4) District shall be applied to that property being known as Block 233, Lots 1.01 & 2.01 in the Township Tax Map. The Official Zoning Map of the Township of Franklin is hereby amended in accordance with the foregoing and is incorporated by reference. The Multi Family Inclusionary Zone (MFIZ-4) District shall be permitted to be developed with a residential housing development with 100 % of the total number of the residential units be age-restricted and reserved for very-low/low/moderate income households. All development of affordable units shall follow the very-low/low/moderate income split provided for in the Uniform Housing Affordability Controls (N.J.A.C. 5:50-26.1 et seq).

- (2) For the purpose of permitting the development of an inclusionary development the provisions and requirements of the Multi Family Inclusionary Zone District shall supersede the provisions and restrictions of the underlying zone districts. In the event of a conflict between the provisions of this section and other sections of the Township development regulations with respect to the development of affordable housing, the provisions of the MFIZ-4 District shall govern.
- (3) Principal Permitted Use shall be age-restricted inclusionary affordable housing development of apartment buildings.
- (4) Accessory Uses. The following shall be permitted:
  - (a) Indoor recreation areas;
  - (b) Outdoor pool(s)
- (5) Maximum Density.
  - (a) The number of dwelling units shall not exceed 120 dwellings units inclusive of age-restricted affordable units.
- (5) Affordable housing requirements.
  - (a) Affordable housing shall be provided through a 50% affordable housing set-aside.

## Fourth Round Spending Plan

### Franklin Township, Somerset County Affordable Housing Trust Fund Spending Plan Fourth Round (2025 – 2035)

#### INTRODUCTION AND BACKGROUND

Franklin Township, Somerset County has prepared a Housing Element and Fair Share Plan in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Fair Housing Act (N.J.S.A. 52:27D-301) and consistent with the affordable housing regulations set forth at N.J.A.C. 5:93-1 et seq. and N.J.A.C. 5:97-1 et seq. as applicable.

A development fee ordinance creating a dedicated revenue source for affordable housing was adopted by Township Council on April 12<sup>th</sup>, 2005 by Ord. No. 3537.

The Township's Development Fee Ordinance was last amended on November 8<sup>th</sup>, 2018 by Ord. No. 4247-18 to implement the terms and conditions of a Settlement Agreement with Fair Share Housing Center and in support of the adopted and court approved Third Round Fair Share Plan.

These 2025 Spending Plan amendments are to provide an up-to-date status of affordable housing projects and to address projects outlined in the Township's DRAFT Fourth Round Housing Element and Fair Share Plan. This updated Spending Plan is intended to demonstrate commitment of the funds in the Affordable Housing Trust Fund within four years of the date of collection as required by P.L. 2008 c.46, anticipated to be deposited during the Fourth Round (through July 2035). The Spending Plan will be amended as needed to respond to affordable housing needs or opportunities that may emerge, and may also be amended if there are significant changes to anticipated revenue.

The Township's Municipal Housing liaison, together with the Director of Finance, have and continue to prepare annual reporting on Affordable Housing Trust Fund activity. This Spending Plan provides estimates of projected funding, proposals for expenditure in support of the Fair Share Plan and the Township's affordable housing inventory, and provides guidance to ensure that funds are spent in accordance with the requirements of N.J.A.C. 5:97-8.7 through 8.10. In accordance with N.J.S.A. 52:27D-329.2 and -329.3, all funds deposited into the Township's Affordable Housing Trust Fund are to be spent within 4 years of their receipt.

This plan supplements but does not replace the annual reporting, which is available for review upon request.

## Franklin Township – Affordable Housing Trust Fund Spending Plan

### 1. REVENUES FOR CERTIFICATION PERIOD

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 trust fund monies are deposited in a separate interest-bearing affordable housing trust fund account at Investors Bank for the purposes of supporting and providing affordable housing. These funds have been and shall be spent in accordance with N.J.A.C. 5:97-8.7-8.9, as described in the sections that follow.

To calculate a projection of revenue anticipated through 2035, the following have been considered:

#### (a) Development fees.

1. Residential and non-residential construction projects that are subject to the requirements of Chapter 112-XXXIII of the Township Code, (Affordable Housing Development Fees) and fees for developments that have already received approval by the Franklin Township Planning Board and/or Zoning Board;
2. Applications for residential and non-residential construction projects that are currently pending and will be heard by the Planning Board and/or Zoning Board and are likely to receive building permits and/or certificates of occupancy before 2035; and
3. Residential and non-residential construction projects that are likely to occur before 2035 based on available land, economic conditions, and historical rates of development.
4. For the purposes of this plan, estimated development fees are \$ 1,334,416 annually for the remainder of the reporting period. This is based on an actual received revenue through development fees for the past twelve years.

#### (b) Payment in lieu (PIL) of on-site construction.

Payments in lieu (PIL) of construction from residential developers that have or are expected to enter into an agreement with the Township to make a specific payment to the Affordable Housing Trust Fund in lieu of providing affordable housing units onsite.

At this time, the Township is not anticipating any new payments in lieu of construction.

#### (c) Other funding sources.

Potential funds from other sources include the sale of units with extinguished controls, repayment of affordable housing program loans (such as rehabilitation or down payment assistance), rental income, and proceeds from the sale of affordable units.

## Franklin Township – Affordable Housing Trust Fund Spending Plan

Any such payments may be accepted, but at this time the Township anticipates a total of \$ 466,089 or \$ 42,372 annually of “other income”.

(d) Projected interest.

Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate. The interest is estimated to be an average of \$ 448,937 per year from 2025 to 2035. The Township is estimated to spend 6 % of the AHTF annually, as that is the average percent for the past twelve years. The interest collected assumes an estimated annual 6 % withdrawal of funds from the AHTF and a 2 % interest rate compounded annually. The interest collected will vary depending upon market conditions, actual revenues and expenditures. All interest earned on the account shall be used only for the purposes of affordable housing.

Table 1. Projected Revenues 2025 - 2035

Starting Balance (12/31/2024)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
<b>SOURCE OF FUNDS</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>Total</b>
(a) Development Fees:	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$778,410	-
1. Approved Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-
2. Development Pending Approval	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-
3. Projected Development	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$1,334,416	\$778,410	\$14,122,574
(b) Payments in lieu of Construction	\$0		\$0	\$0							\$0	\$0
(c) Other Income	\$42,372	\$42,372	\$42,372	\$42,372	\$42,372	\$42,372	\$42,372	\$42,372	\$42,372	\$42,372	\$42,372	\$466,089
(d) Interest on Total Account Balance	\$299,909	\$313,437	\$345,213	\$377,587	\$410,569	\$444,171	\$478,405	\$513,283	\$548,816	\$585,018	\$621,899	\$4,938,307
<b>Total</b>	<b>\$1,676,698</b>	<b>\$1,690,225</b>	<b>\$1,722,001</b>	<b>\$1,754,375</b>	<b>\$1,787,357</b>	<b>\$1,820,959</b>	<b>\$1,855,193</b>	<b>\$1,890,071</b>	<b>\$1,925,604</b>	<b>\$1,961,806</b>	<b>\$1,442,681</b>	<b>\$19,526,970</b>

Franklin Township projects a total revenue of \$ 19,526,970 to be collected from December 31<sup>st</sup> 2024 through July 2035. Adding the projected revenue to the current trust fund balance of \$ 14,995,470 as of December 31<sup>st</sup> 2024, results in an estimated total potential revenue of \$ 34,522,440 available to fund, support, and administer affordable housing.



## Franklin Township – Affordable Housing Trust Fund Spending Plan

### 2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

Franklin Township follows the following procedures for the collection and distribution of affordable housing trust fund revenues.

#### (a) Collection of fees and payments:

1. Development fees shall be collected consistent with Franklin Township's Affordable Housing Development Fee Ordinance (Chapter 112-XXXIII) for both residential and non-residential projects in accordance with the N.J.A.C. 5:97-1 et seq and P.L.2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).
2. Payments-in-lieu shall be collected as set forth in an Agreement between the Township and the Developer. Typically, payments will be made in no more than four (4) installments as the development progresses and the entire payment shall be made prior to the issuance of the final Certificate of Occupancy.

#### (b) Distribution of development fee revenues:

1. The Municipal Housing Liaison, Township Planner, and Township Manager coordinate compliance and implementation of the Spending Plan as it relates to the Fair Share Plan; and coordinate recommendations for expenditure of funds in support of compliance or implementation of the Spending Plan.
2. The Township Manager authorizes staff to prepare a Resolution that includes an explanation of how the expenditure advances the Township's affordable housing objectives, implements some aspect of the Fair Share Plan, and is consistent with the Spending Plan.
3. Township Council reviews the request and authorizes the expenditure by resolution.
4. The Municipal Housing Liaison and the CFO maintain accounting of expenditures.

## Franklin Township – Affordable Housing Trust Fund Spending Plan

### 3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

#### (a) New construction, extension of controls, and conversion programs and projects (N.J.A.C. 5:97-8.7)

Franklin Township will dedicate \$ 14,340,000 for new construction programs and projects as follows:

#### 1. 315 Davidson Avenue: \$ 7,200,000

The 10.53 acre proposed site, located along Davidson Avenue in the northwestern portion of the Township, is currently developed with a hotel fronting Davidson Avenue and wooded area in the rear of the property. A developer proposes to build either a 50% affordable non-age restricted project consisting of 260 total units (130 affordable and 130 market) or a 50% affordable age-restricted project consisting of 275 total units (138 affordable and 137 market) behind the existing hotel site. The Township will commit 7,200,00 from the Township's Affordable Housing Trust Fund to finance the development of the site.

#### 2. The Haven at Davidson: \$ 1,200,000

The 9.50 acre proposed site, located in the northern area of the Township, is currently developed with a vacant extended stay hotel with nine buildings. A developer now proposes to redevelop and repurpose the buildings for a 100% affordable housing project consisting of 140 housing units. The Township will commit 1,200,000 from the Township's Affordable Housing Trust Fund to funding the demolition of the existing floor plan and renovating to meet the required thresholds.

#### 3. Franklin Boulevard: \$3,440,000

The 1.49 proposed site, located 606-610 Franklin Blvd in the northeastern area of the Township, is currently a commercial building (Lot 2.01) and a vacant lot that was previously developed with a commercial building (Lot 1.01). The proposed project includes 120 dwellings, all of which will be age restricted affordable rental units. The Township will commit to funding at an estimated 3,440,000 from the Township's Affordable Housing Trust Fund for the redevelopment of this site.

#### 4. 347 Elizabeth: \$ 2,500,000

The 3.52 proposed site, located at 347 Elizabeth Ave, located in the northern area of the Township, is currently developed with an office building that as part of the affordable housing development will be demolished and replaced with two five-story buildings. The development will provide a total of 200 residential units, of which 100 will be non-age restricted affordable rental units. The Township will commit to funding at an estimated 2,500,000 from the Township's Affordable Housing Trust Fund for the redevelopment of this site.

## Franklin Township – Affordable Housing Trust Fund Spending Plan

(b) Affordability Assistance (N.J.A.C. 5:97-8.8): \$ 9,442,057 (minimum)

Municipalities are required to spend a minimum of 30% of development fee revenue to render existing affordable units more affordable and one-third of that amount must be dedicated to very-low-income households. The table below projects the minimum required affordability assistance:

Table 2. Minimum Affordability Assistance			
Actual development fees and interest through 12/31/2024			\$ 14,995,469.90
Development fees projected 2025-2035	+		\$14,122,574.26
Interest projected 2025-2035	+		\$4,938,306.92
Other income	+		\$466,089.00
Less housing activity expenditures through 12/31/2024	-		\$ 4,420,350.00
Less projected Rehabilitation Program expenditures through 2035	-		\$2,680,000.00
<b>Total</b>	=		<b>\$ 27,422,090.08</b>
30 percent requirement	x 0.30 =		\$8,226,627.02
Less affordability assistance expenditures through 12/31/2024	-		\$ 1,866,215.00
<b>Projected Minimum Affordability Assistance Requirement 12/31/2024 through 06/30/2035</b>	=		<b>\$6,360,412.02</b>
<b>Projected Minimum Very Low-Income Affordability Assistance Requirement 12/31/2024 through 06/30/2035</b>	x 0.34 =		<b>\$2,162,540.09</b>

Franklin Township is required to dedicate a minimum of \$ 6,360,412.02 from the affordable housing trust fund to provide affordability assistance, with at least 1/3 of the required affordability assistance spending must be dedicated to providing assistance to very-low income households. This would be a minimum of \$ 2,162,540.09 that must be directed towards making housing more affordable specifically to very-low income households.

## Franklin Township – Affordable Housing Trust Fund Spending Plan

The programs identified to provide affordability assistance to low and moderate income households total \$ 6,231,800 and are as follows:

### 1. Down Payment Assistance and HQS Improvement Program: \$2,515,900.00

This program provides down payment and closing cost assistance to qualifying buyers of deed restricted low- or moderate-income units. The down payment assistance is in the form of an interest free loan that is forgiven if the borrower continues to occupy the affordable unit as their primary residence for 10 years following the date of purchase. The program offers up to \$15,000 or 15% of the purchase price, whichever is less. The Township shall consider adopting this ordinance in order to provide affordability assistance. The Township's Down Payment Assistance Program requires that home meet HUD Housing Quality Standards prior to disbursement of the down payment funds.

This program shall enable the Administrative Agent to coordinate with the buyer and seller to ensure that the required repairs and improvements are made prior to closing.

### 2. Homeowner Association Fee Assistance Program: \$ 5181,971.94

The Township may support the owners of affordable units with emergency aid contributions toward Homeowners Association (HOA) Fees. Owners of low- and moderate-income housing units within the Township may apply for a grant to assist with HOA fees for a period not to exceed one year. An application will be submitted to the Township's Administrative Agent. The maximum total amount per household and unit is \$3,000; and the maximum per month is \$250 (not to exceed actual fees for the particular HOA). The funds will be sent directly to the HOA.

### 3. Infrastructure Support: \$ 1,500,000.00

The Township may support the viability and feasibility of existing and proposed affordable housing units with grants or loans for the provision of infrastructure to serve the affordable housing units. Certain improvements such as pedestrian walkways, bicycle parking, and bus shelters may be determined to be nonessential for affordable housing if there are permitting and approval challenges (such as wetland crossings or mid-block crosswalks), but if it determined that inclusion of these improvements would benefit the occupants of the affordable units (and therefore the community overall), then the developer or operator of the affordable units may request assistance. Support may also be needed for improvements to or extension of water, sewer, or stormwater infrastructure to serve affordable housing developments.

The above listed anticipated affordability assistance figures are estimates, and not intended to be an exact breakdown of how funds will be spent. The Township will evaluate all applications for assistance on a case by case basis and may dedicate more or less funding to any

## Franklin Township – Affordable Housing Trust Fund Spending Plan

of these programs depending on demand for particular forms of assistance. However, the overall spending on affordability assistance will remain at or above the 30% minimum required threshold.

The Township projects to set aside \$ 2,162,540.09 for the development or redevelopment of very low income units:

1. Very-Low Income Units: \$ \$2,162,540.09

The Township is required to ensure that thirteen percent (13%) of all affordable units approved after July 2008 are "very low income" units. Very low-income households are defined as those with a total gross annual household income equal to 30 percent or less of the regional median household income. The very-low income affordability assistance program enables a developer of low- and moderate-income units to be provided a subsidy for providing very low-income units. The subsidy will be an up-front payment for re-pricing units that otherwise would be "low" income units as "very low income" units. The appropriate subsidy will be determined on a case-by-case basis at the Township's discretion and as funds allow. For rental units the subsidy would represent the present-day value of the difference between the "low" income rent and the "very low" income rent for the restriction period. For ownership units, the subsidy would be the difference in the "low" and "very low" income affordable sales price.

Franklin Township – Affordable Housing Trust Fund Spending Plan

(c) Administrative Expenses (N.J.A.C. 5:97-8.9)

Administrative expenses are subject to a twenty percent (20%) cap. The table below demonstrates the maximum amount of Affordable Housing Trust Fund revenue that will be available for administrative expenses through 2035.

Table 3: Administrative Expense Calculation			
Actual development fees and interest through 12/31/2024			\$14,995,469.90
Development fees and funds projected 2025-2035	+		\$19,526,970.18
		-	\$0.00
Less Payment in Lieu Funds		-	
<b>Total</b>		=	<b>\$34,522,440.08</b>
Calculate 20 percent	x .20	=	\$6,904,488.02
Less administrative expenditures through 12/31/2024		-	\$2,564,760.26
<b>Projected maximum allowable for administrative expenses 12/31/2024 through 06/30/2035</b>		=	<b>\$4,339,727.76</b>

Franklin Township projects that \$ 4,339,727.76 will be available for administrative expenses through 2035. However, since there is no certainty about the timing of revenue deposits, the Township will continue to calculate the maximum amount to be expended on administrative expenses yearly. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

1. Wait list management and general administration.
2. Administration of Down Payment Assistance Program by Administrative Agent
3. Establishment and Administration of Homeowner Association Fee Assistance Program by Administrative Agent
4. Establishment and Administration of the Very Low-Income Assistance program
5. Establishment, Implementation, Administration of Market to Affordable program
6. Fees for the sale of affordable units that are priced such that 3% of sale price is less than the Administrative Agent's minimum fee (Township pays the difference).
7. Preparation and Review of Affordable Housing Agreements, Resolutions, Deed Restrictions for affordable housing developments.
8. Preliminary engineering analysis for affordable housing sites

## Franklin Township – Affordable Housing Trust Fund Spending Plan

9. GIS mapping and analysis related to preparation and implementation of the Fair Share Plan.
10. Litigation expenses for the review and implementation of the Fourth Round Housing Element and Fair Share Plan.

(d) Emerging Compliance Mechanisms (N.J.A.C. 5:97-8.11): \$56,802,300.30

As the Township currently projects to have a considerable surplus of funds beyond the minimum spending requirements, Franklin Township will give consideration to mechanisms not currently identified in the May 2025 Housing Element and Fair Share Plan as new and unforeseen opportunities to provide additional affordable housing arise in the future. This may include providing funding assistance to a new 100% affordable project that has yet to be proposed by a developer, additional rehabilitation of existing deficient housing units, development of special needs housing, revenue for the market to affordable program depending on market conditions, or reallocating additional projected revenues towards affordability assistance programs.





## Franklin Township – Affordable Housing Trust Fund Spending Plan

**SUMMARY**

Franklin Township intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 and consistent with the programs outlined in the Fourth Round Housing Element and Fair Share Plan dated May 2025 and this Spending Plan.

Franklin Township had a balance of \$ 14,995,470 as of December 31<sup>st</sup>, 2024 and anticipates an additional \$ 19,526,970 in revenues through 2035 for a total of \$ 34,522,440. The municipality has provided a plan to spend projected revenues on specific projects and programs. The exact timing of additional revenues is uncertain, but the estimate is realistic based on project schedules, development trends, and historical rates of fees collected into the Affordable Housing Trust Fund. The Spending Plan will be amended if needed to adjust for changed needs or emergent opportunities for affordable housing production or assistance.

Table 5. Spending Plan Summary	
Balance as of December 31, 2024	\$14,995,469.90
<b>Projected Revenue 2025-2035</b>	<b>\$19,526,970.18</b>
Development Fees	\$14,122,574.26
Other Funds	\$466,089.00
Interest	\$4,938,306.92
Payment in Lieu	\$0.00
<b>TOTAL REVENUE</b>	<b>\$34,522,440.08</b>
<b>Expenditures</b>	
Housing Activity	\$14,340,000.00
Rehabilitation	\$2,680,000.00
Affordability Assistance	\$6,360,412.02
Emerging Mechanisms	\$6,802,300.30
Administration	\$4,339,727.76
<b>TOTAL PROJECTED EXPENDITURES</b>	<b>\$34,522,440.08</b>
<b>REMAINING BALANCE</b>	<b>\$0.00</b>

Franklin Township – Affordable Housing Trust Fund Spending Plan

May 2025