



Harmony Township Housing Element & Fair Share Plan

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Prepared for:
Township of Harmony
Warren County, New Jersey

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Endorsed by the Township Committee June __, 2025

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Introduction

The need to provide a realistic opportunity for the creation of affordable housing has been recognized for decades in New Jersey. In the landmark case of *Southern Burlington County NAACP v. the Township of Mount Laurel* 67 N.J. 151 (1975), (Mount Laurel I), the New Jersey Supreme Court established the doctrine that New Jersey municipalities have a constitutional obligation to zone for a variety and choice of housing types that would be affordable to low- and moderate-income households. This decision was reinforced in *Southern Burlington County NAACP v. Township of Mount Laurel*, 92 N.J. 158, 456 A.2d 390 (1983) (Mount Laurel II). In its ruling, the Supreme Court expanded the Mount Laurel doctrine by establishing the first methodology for municipalities to establish their “fair share” of regional housing needs. Mount Laurel II also established the “builder’s remedy,” as an enforcement mechanism, empowering developers to potentially invalidate the zoning of municipalities that fail to provide for their fair share.

In response to the Supreme Court of New Jersey’s call for a more substantive legislative remedy in the Mount Laurel II decision, the New Jersey Legislature adopted the Fair Housing Act (FHA) in 1985 (N.J.S.A. 52:270-301, et seq.). The FHA established the Council on Affordable Housing (COAH) as an administrative alternative to builder’s remedy lawsuits and the concomitant jurisdiction of the courts. COAH was given the responsibility of dividing the state into housing regions, determining regional and municipal fair share affordable housing obligations, and adopting regulations that would establish the guidelines and approaches that municipalities may use in addressing their affordable housing need. These regulations would be subject to regular updates, called Rounds, to ensure that municipalities remain up to date with the requirements of the FHA.

COAH would administer affordable housing regulations in New Jersey for the first three rounds. However, difficulties in implementing in administering the Third Round since 2008 culminated in the Supreme Court of New Jersey declaring COAH moribund in 2015. Trial courts resumed their role as the sole forum for evaluating municipal compliance with Mount Laurel regulations until 2024, when Governor Phil Murphy signed P.L. 2024, c.2., formally abolishing COAH and transferring its responsibilities to the Affordable Housing Dispute Resolution Program. In October of that year, DCA prepared new affordable housing rules and methodology for determining municipal share of regional housing need, beginning the Fourth Round.

This Housing Element and Fair Share Plan for Harmony Township has been prepared in accordance with applicable law.

History of Affordable Housing in Harmony Township

Harmony Township has participated in every Round of affordable housing obligations. The Township received First Round certification on June 13, 1990, and Second Round certification on October 2, 2002. When the Township's Second Round certification expired in 2008, the Township updated its Housing Element and Fair Share Plan and petitioned COAH for Third Round certification. This update was deemed complete on July 15, 2010, but the Township did not receive Third Round Certification due to the Third Round rules being declared invalid by the Supreme Court of New Jersey.

In response, the Township filed a declaratory judgement action ("Action") on July 8, 2015. In an Order filed on November 5, 2015, the Township was granted temporary immunity from builder's remedy actions. Additionally, to resolve any legal challenges that could arise from the uncertainty in how to calculate a fair share for the Third Round, the Township and its professionals entered into negotiations with representatives of the Fair Share Housing Center (FSHC) to settle the Court's Action and seek Court-approval for an accepted fair share obligation for the Township.

A settlement agreement was executed by the Township and FSHC on November 13, 2018. As a condition of the agreement, the Township prepared and adopted a new Housing Element and Fair Share Plan. This plan, adopted on November 6, 2019, effectuated the Settlement Agreement between the Borough and FSHC that was approved by the Court.

Under the Settlement Agreement, the Township accepted a Third Round (1999-2025) prospective need obligation of 148 units and a combined prior round (1987-1999) prospective need obligation of 47. There were no carryover of present need from any previous round.

The Court held a fairness hearing on the Settlement Agreement on December 20, 2018, and a compliance hearing on January 6, 2020. The Court entered a Conditional Judgment of Compliance and Repose on January 28, 2020. The Township having met all of the conditions of the conditional judgment, the Court entered a Final Judgment of Compliance and Repose on November 20, 2024.

Current Planning Context

Pursuant to both the Fair Housing Act (N.J.S.A. 52:27D-310) and the Municipal Land Use Law (MLUL) N.J.S.A. 40:55D-28, municipalities in New Jersey are required to include a housing element in their respective master plans. The statutorily required contents of the housing element are as follows:

- a. An inventory of the municipality's housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low- and moderate-income households and substandard housing capable of being rehabilitated;
- b. A projection of the municipality's housing stock, including the probable future construction of low- and moderate-income housing, for ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;
- c. An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level and age;
- d. An analysis of the existing and probable future employment characteristics of the municipality;
- e. A determination of the municipality's present and prospective fair share for low- and moderate-income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low- and moderate-income housing; and
- f. A consideration of the lands that are most appropriate for construction of low- and moderate-income housing and of the existing structures most appropriate for conversion to, or rehabilitation for low- and moderate-income housing, including a consideration of lands of developers who have expressed a commitment to provide low- and moderate-income housing.
- g. An analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity, as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission as adopted pursuant to N.J.S.A. 52:27D-329.20.
- h. For a municipality located within the jurisdiction of the Highlands Water Protection and Planning Council, established pursuant to section 4 of P.L.2004, c.120 (N.J.S.A. 13:20-4), an analysis of compliance of the housing element with the Highlands Regional Master Plan of lands in the Highlands Preservation Area, and lands in the Highlands Planning Area for Highlands-conforming municipalities

- i. An analysis of consistency with the State Development and Redevelopment Plan, including water, wastewater, stormwater, and multi-modal transportation based on guidance and technical assistance from the State Planning Commission.

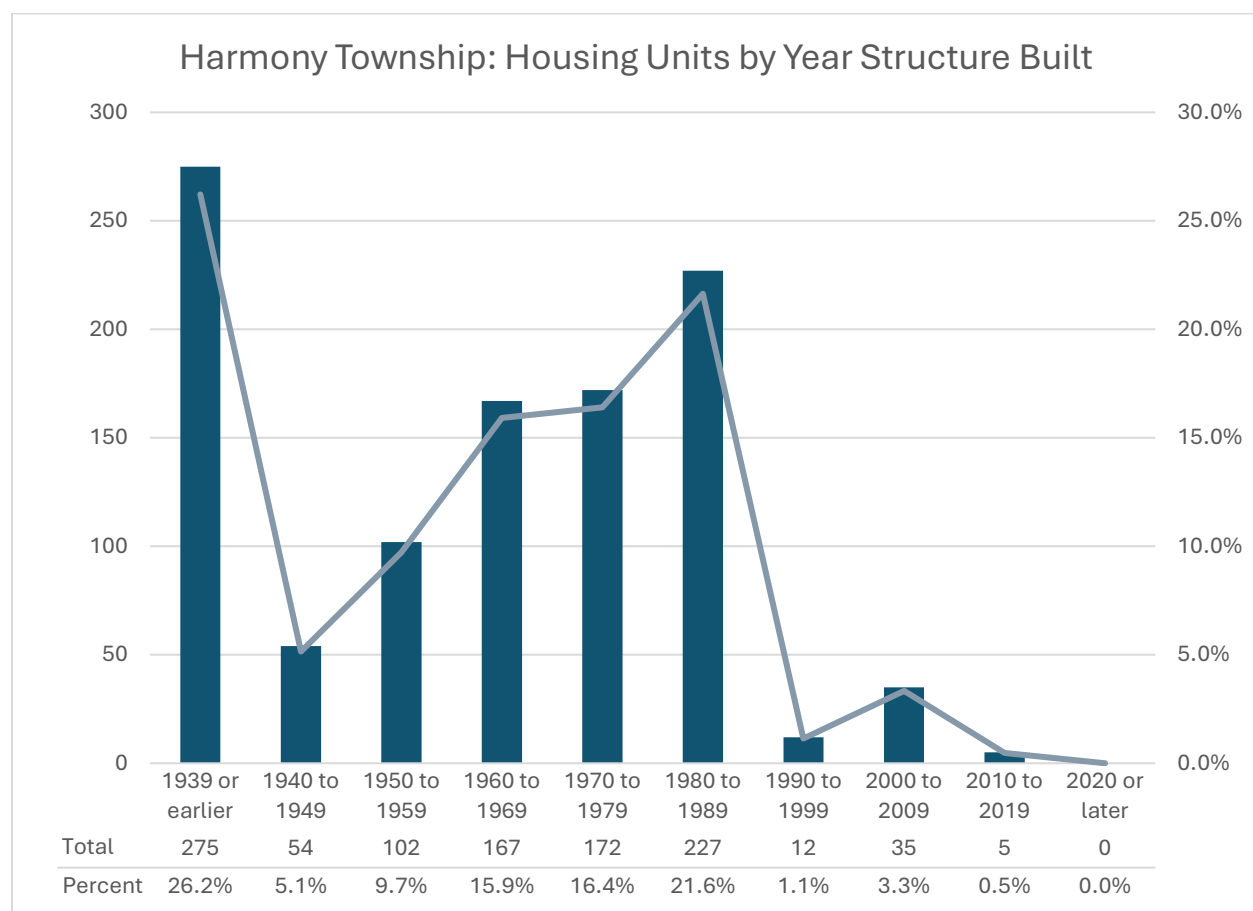
Item A: Municipal Housing Inventory

“An inventory of the municipality’s housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low- and moderate-income households and substandard housing capable of being rehabilitated.”

Harmony Township’s housing stock is characterized primarily by single-family detached homes. Much of this housing stock is aged, with over half of all units built prior to 1970, though deficiencies in need of rehabilitation remain low. Other characteristics, such as purchase prices, homeownership rates, and vacancies, are in line with the average for Warren County.

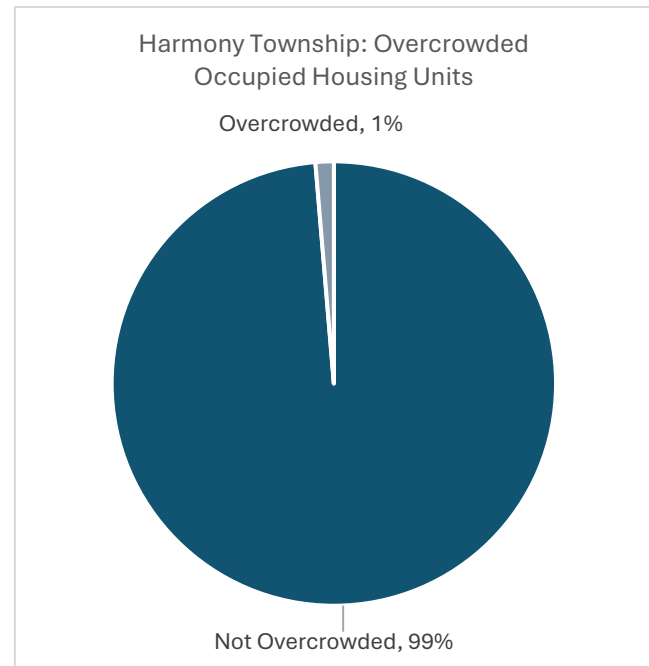
Total Housing Stock, Age, and Condition

According to the 2023 American Community Survey 5-Year Estimates, there are 1,049 housing units in Harmony Township, comprising 2.2% of Warren County’s 46,675 housing units per the same survey. Housing development has declined sharply since 1990, and no new units have been built since the start of the decade.



Source: 2023 American Community Survey, 5-Year Estimates: B25034

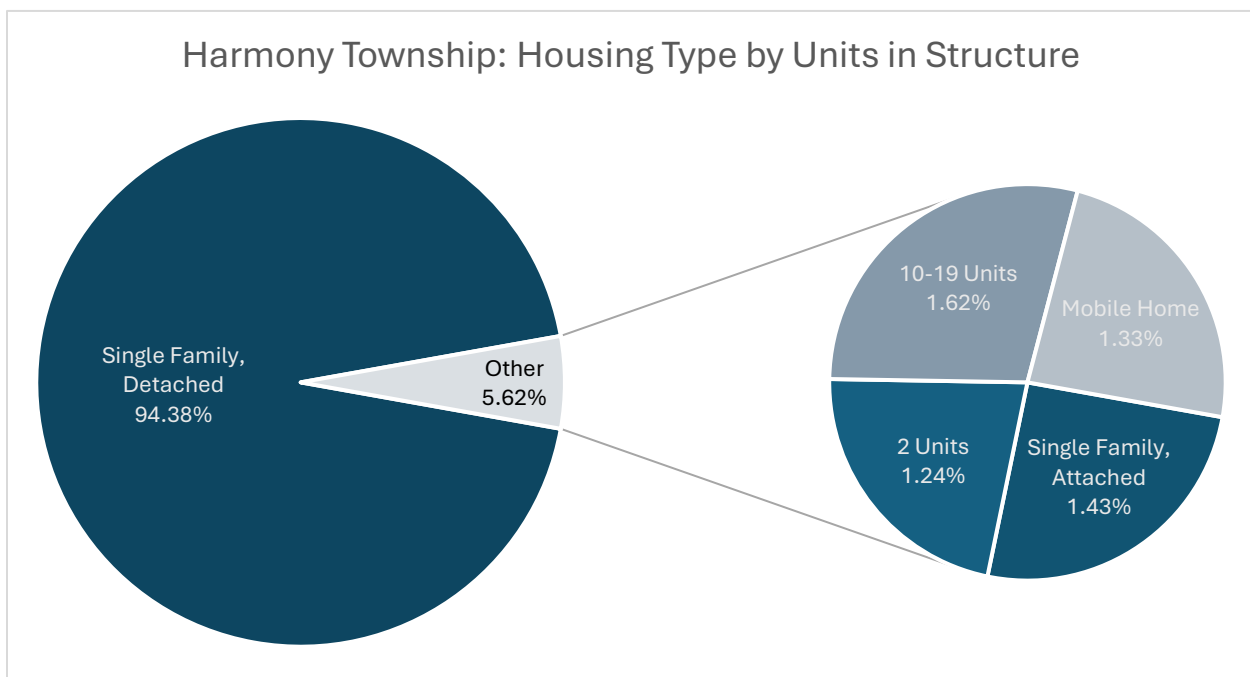
While much of Harmony Township's housing stock is old, great strides have been made in recent rehabilitation efforts to eliminate substandard units. Of the 978 occupied housing units reported in the latest American Community Survey 5-Year Estimates, only 13 meet the US Housing and Urban Development (HUD) criteria for overcrowding (i.e. more than one occupant per room). No occupied housing units meet the HUD criteria for severe overcrowding (more than 1.5 occupants per room), nor do any units have incomplete kitchen or bathroom facilities.



Source: 2023 American Community Survey, 5-Year Estimates, DP04

Housing Type and Value

Approximately 94 percent of Harmony Township's total housing units consist of single family detached homes. The remainder is split nearly evenly between four other extant housing types: single family attached, 2 units, 10-19 units, and mobile homes.



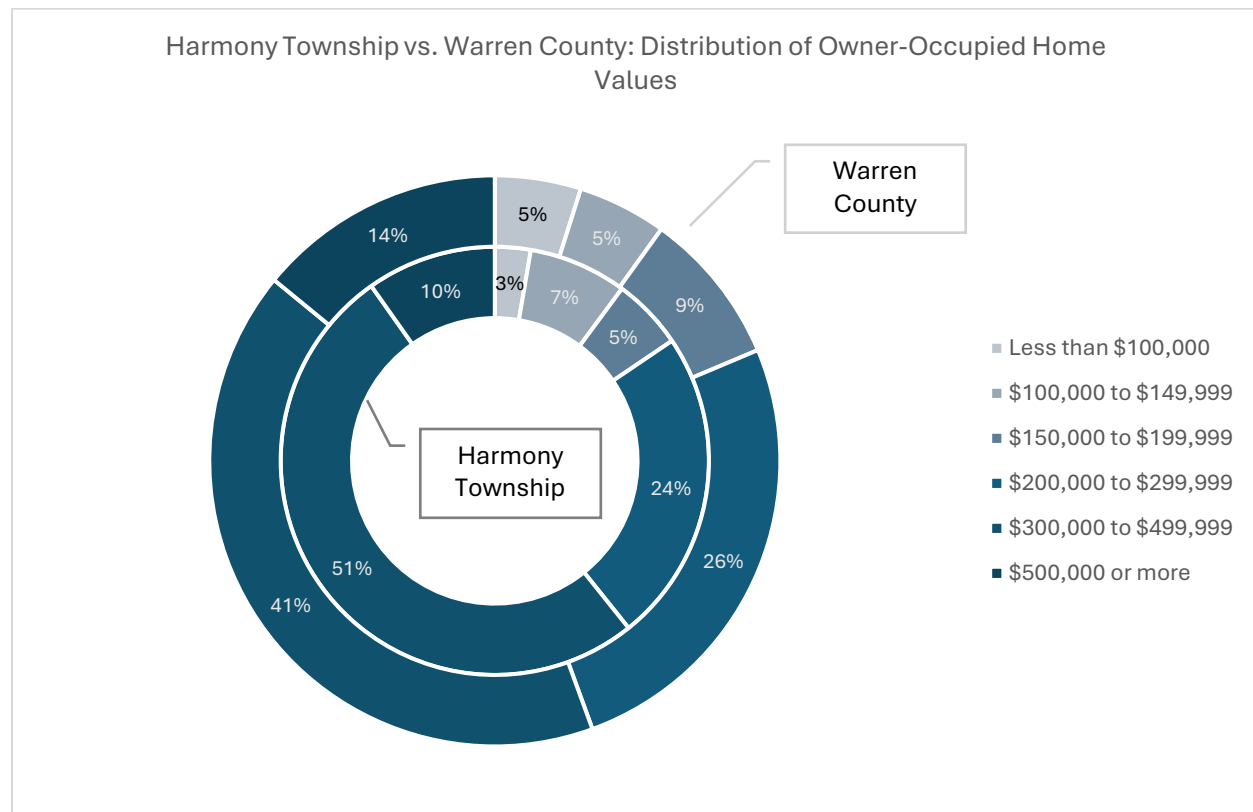
Source: 2023 American Community Survey, 5-Year Estimates, DP04

The table to the right shows the distribution of housing sizes in Harmony Township by number of rooms. No housing unit in the Borough consists of a single room only. Five new units with two rooms each have been built since the 2019 Housing Element. However, the median room count has increased slightly, from 6.4 in the 2017 ACS estimates to 6.7 in the latest available data.

Harmony Township: Housing Size by Room Count		
# of Rooms	Total	Percent
2 rooms	5	0.5
3 rooms	37	3.5
4 rooms	76	7.2
5 rooms	147	14.0
6 rooms	214	20.4
7 rooms	228	21.7
8 rooms	179	17.1
9 rooms or more	163	15.5
Median # of Rooms	6.7	

Source: 2023 American Community Survey, 5-Year Estimates, DP04

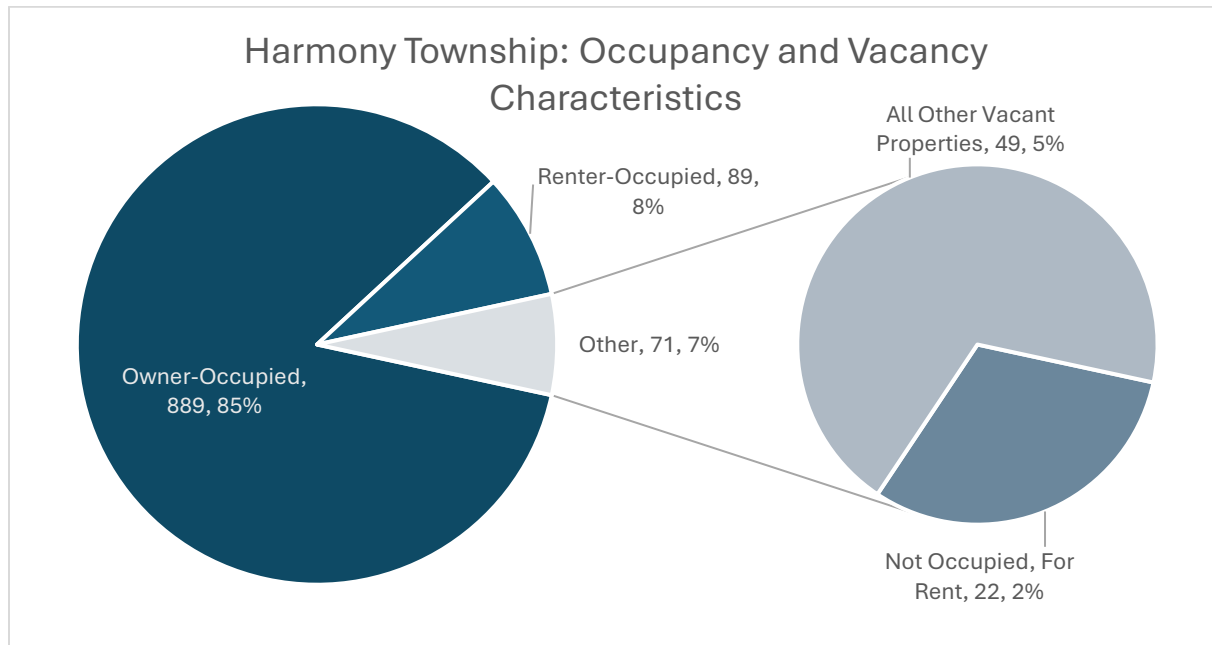
For the Township's 889 owner-occupied housing units, the distribution of home values is consistent with Warren County as a whole. Similarly, the Township's median home value of \$336,900 is only slightly above the median home value of \$323,100 for all of Warren County. Both figures, however, represent considerable increases from the \$267,100 and \$256,700 median values reported for Harmony Township and Warren County, respectively, in the 2017 American Community Survey.



Source: 2023 American Community Survey, 5-Year Estimates, DP04

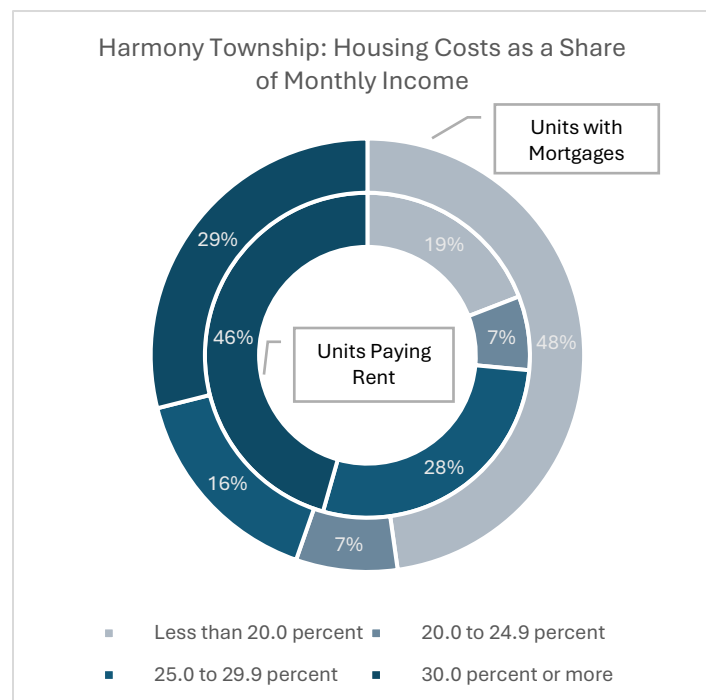
Occupancy Characteristics

Approximately 85 percent of Harmony Township's 1,049 housing units are owner-occupied. The remainder is split nearly evenly between renter-occupied and vacant properties. Of the 71 vacant properties, 22 are for rent without an occupant, with the rest comprising vacant properties not for sale, rent, seasonal use, and temporary workers.



Sources (top and bottom): 2023 American Community Survey, 5-Year Estimates, DP04 & B25004

In terms of the housing burden (defined by HUD as spending 30 percent or more of gross monthly income on housing), approximately 29 percent of units with a mortgage and 46 percent of units paying rent are cost burdened. This does not include approximately five percent of the occupied units without a mortgage that also meet the criteria for cost burden. Since the 2017 American Community Survey, owner-occupied housing burden has held relatively consistent, but renter burden has increased sharply from the 22 percent estimated that year.



Item B: Municipal Housing Projections

“A projection of the municipality’s housing stock, including the probable future construction of low- and moderate-income housing, for ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands.”

Per the table on the right, Harmony Township has authorized an additional 35 residential units since 2007. Except for 2015, there has been at least one new housing start each year. All permits issued have been for 1 and 2-family homes only. No multi-family or mixed-use residential development has been authorized in the Township for the period beginning in 2007.

A decline in projected population growth in New Jersey as a whole may be one factor explaining the low housing activity in Harmony Township. Previous municipal projections by the North Jersey Transportation Planning Authority in 2005 estimated an annualized population growth of 1.3 percent. More recent estimates in 2015, however, have revised this annualized growth to just 0.5 percent, projecting a population of 3,173 by 2050. Annualized employment growth projections declined even faster, plummeting from 2.4 percent to 0.7 percent.

Harmony Township: NJTPA Projection Comparisons		
Projected Year (Year of Analysis)	2035 (2005)	2050 (2015)
Population	4,100	3,173
Growth Rate	1.3%	0.5%
Households	1,530	1,369
Growth Rate	1.1%	0.8%
Employment	1,180	689
Growth Rate	2.4%	0.7%

Source: North Jersey Transportation Planning Authority, Regional Transportation Plan Municipal Demographic Projections

A lack of readily developable land may also contribute to low housing activity in the Township. All lands east of County Route 519 in the Township are part of the Highlands Preservation Area. Those lands outside of the Preservation Area are recognized as environmentally sensitive rural areas by the Office of Planning Advocacy and are further constrained by topographical features such as steep slopes, open waters, and critical wildlife habitats. Taken together, the lack of readily developable land and cooling projections for population and employment growth suggest that housing activity will remain low in the Township for the foreseeable future.

Harmony Township: Housing Units Authorized by Building Permits	
Year	Permits
2007	3
2008	5
2009	3
2010	4
2011	1
2012	1
2013	2
2014	1
2015	0
2016	1
2017	1
2018	3
2019	3
2020	2
2021	2
2022	2
2023	1
Total	35

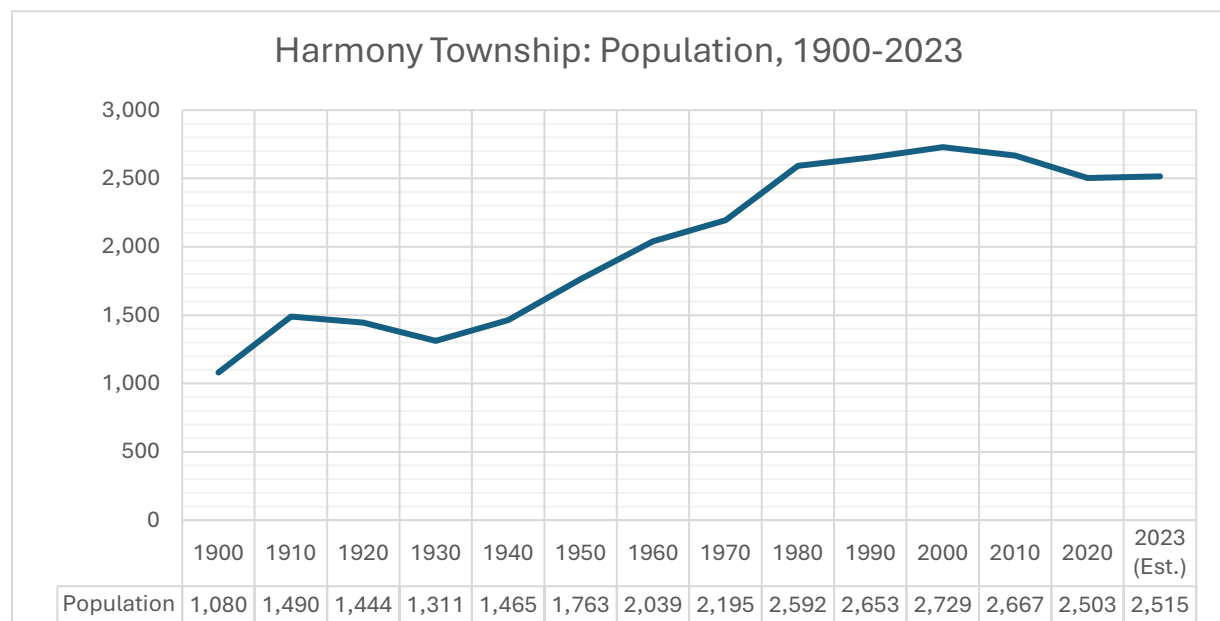
Source: New Jersey Department of Community Affairs, Building Permits, Yearly Summary Data

Item C: Analysis of Demographic Characteristics

“An analysis of the municipality’s demographic characteristics, including but not necessarily limited to, household size, income level and age.”

Population and Households

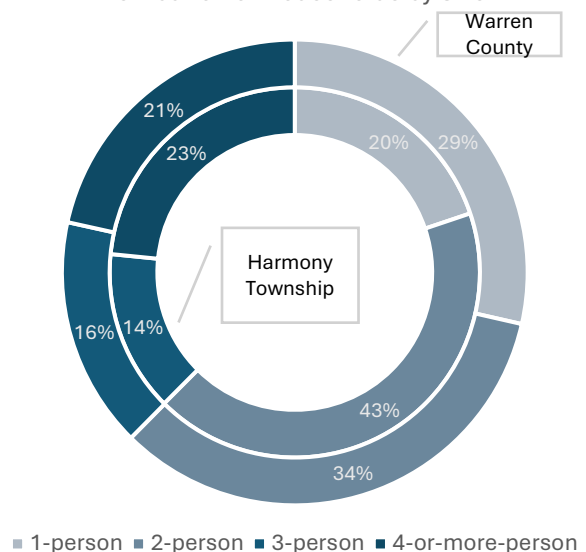
The latest available American Community Survey data estimates Harmony Township’s population at 2,515, nearly identical to the 2020 Decennial Census. Harmony Township’s population peaked at 2,727 people in the year 2000, and aside from the estimated pause in the last five years, has been in gradual decline since.

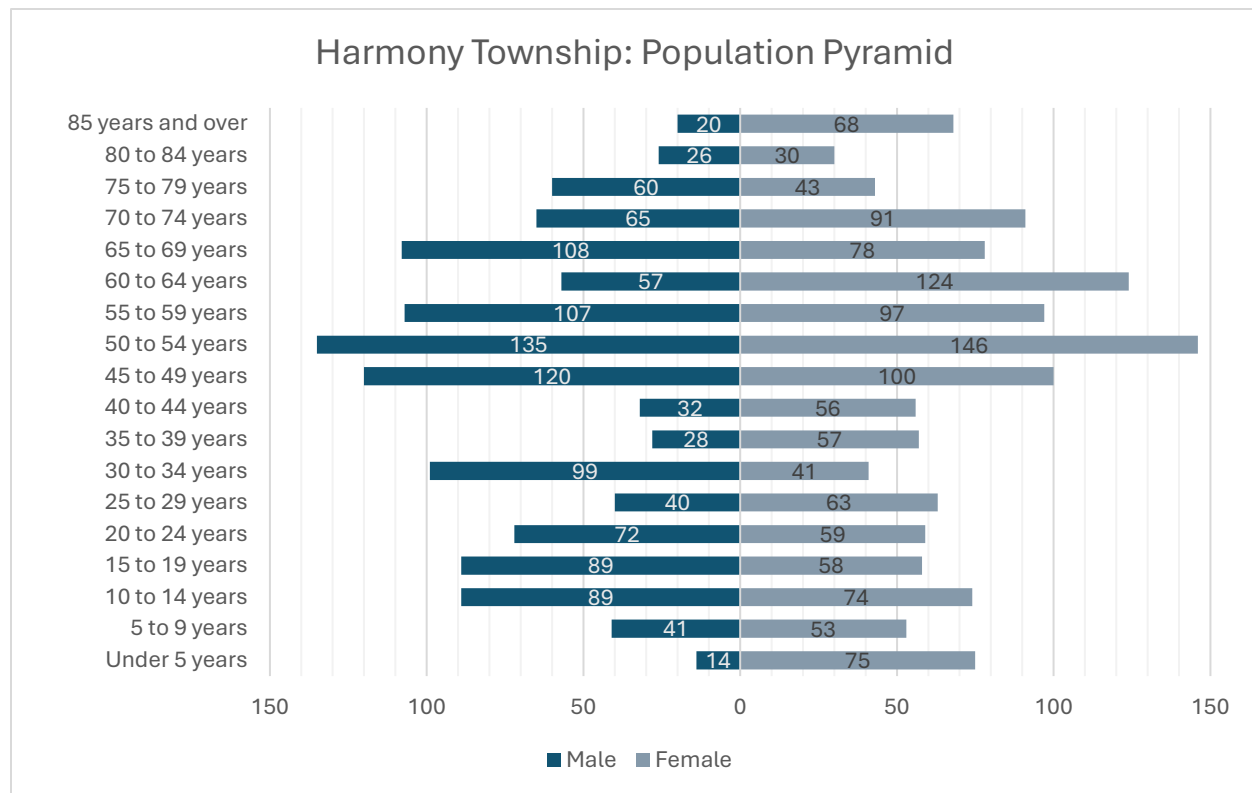


Sources (top and right): 1900-2020 US Decennial Census, American Community Survey, 5-Year Estimates, DP05

Harmony Township’s 2,515 residents are divided between 978 total households, of which 744 are families. Average household and family size are 2.57 and 2.91, respectively. This is a slightly higher average household size than the rest of Warren County’s 2.41, but average family size is marginally lower than the County’s 2.96. Much of the Township’s deviation from the County averages is explained by Harmony Township having a significantly lower share of 1-person households.

**Harmony Township vs. Warren County:
Distribution of Households by Size**





Source: 2023 American Community Survey, 5-Year Estimates, S101

Harmony Township's relatively small population makes evaluations of its population pyramid sensitive to outliers. However, the Township's median age of 50 years old is significantly higher than Warren County's median age of 43.9 years. The Township's old age dependency ratio, a measure of the relationship between persons aged 65 and older with the 15-64 working age population, is also higher than the County average: 39.5 percent compared to 30.9 percent.

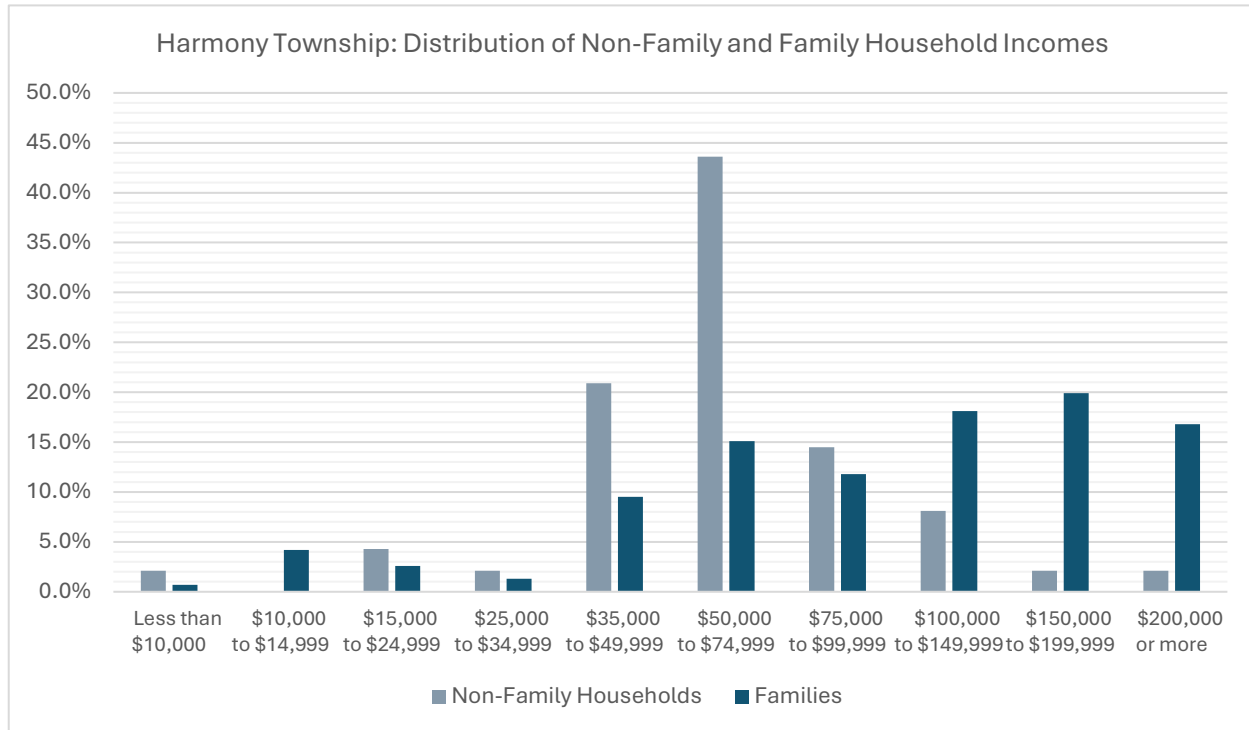
Income

In terms of income, Harmony Township's median household income is lower than the rest of Warren County and the State of New Jersey, but median family income is higher than Warren County's and comparable to the rest of the State. Poverty rate is considerably lower than both the County or State.

Selected Economic Characteristics: Harmony Township vs. Warren County/New Jersey			
	Harmony Township	Warren County	New Jersey
Median Household Income	\$93,478	\$99,596	\$101,050
Median Family Income	\$120,795	\$118,994	\$123,892
Poverty Rate	3.2%	8.1%	9.8%

Source: 2023 American Community Survey, 5-Year Estimates, S1701, S1901

Analyzing detailed income distributions, non-family household incomes are broadly normally distributed around a median figure of \$64,375. Family household income is significantly left-skewed, with mean family income of \$130,474, considerably higher than median family income of \$120,795.



Source: 2023 American Community Survey, 5-Year Estimates, S1901

The nearly 100 percent premium in family vs. non-family household income helps illustrate the Township's particular need for affordable housing in ways in ways not revealed by a simple median income statistic. Groups such as young professionals who have yet to form families and seniors living alone on fixed incomes demonstrates a demand for affordable housing that is not apparent from the perspective of established family households, even as the Township's reported poverty rate remains low. Additionally, should the Township's population continue to decline and age, the growth in old-age dependents relative to the working-age population will further increase the demand for senior accommodation, both in terms of affordability and access to aging-related care.

Item D: Existing and Future Employment Characteristics

“An analysis of the existing and probable future employment characteristics of the municipality.”

Harmony Township Labor Force Analysis

While New Jersey and Warren County have both grown their civilian labor force in the past ten years, Harmony Township’s labor force has remained unchanged.

Data, obtained from the 2023 American Community Survey, estimates Harmony Township’s labor force at 1,360 workers, with 1,255 civilian workers aged 16 or over, 51 armed forces employees, and 54 unemployed persons.

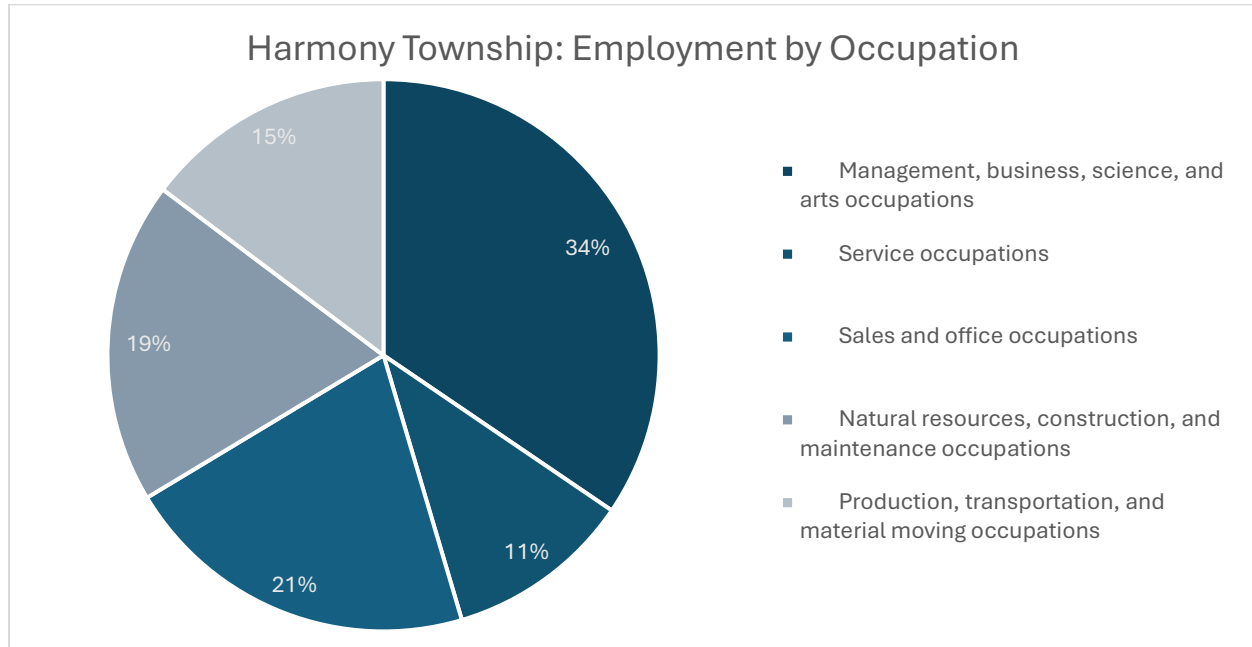
Harmony Township: Labor Force Estimates, 2013-2023				
Year	Civilian Labor Force	Resident Employment	Total Unemployed	Unemployment Rate (%)
2013	1,442	1,327	115	8.0
2014	1,401	1,319	82	5.9
2015	1,396	1,326	70	5.0
2016	1,377	1,316	61	4.4
2017	1,394	1,344	50	3.6
2018	1,379	1,331	48	3.5
2019	1,399	1,358	41	2.9
2020	1,362	1,272	90	6.6
2021	1,392	1,317	75	5.4
2022	1,418	1,370	48	3.4
2023	1,429	1,386	43	3.0

Warren County: Labor Force Estimates, 2013-2023				
Year	Civilian Labor Force	Resident Employment	Total Unemployed	Unemployment Rate (%)
2013	57,636	53,144	4,492	7.8
2014	56,922	53,337	3,585	6.3
2015	56,748	53,749	2,999	5.3
2016	56,584	54,012	2,572	4.5
2017	57,634	55,277	2,357	4.1
2018	57,109	54,975	2,134	3.7
2019	58,154	56,256	1,898	3.3
2020	57,587	52,883	4,704	8.2
2021	58,190	54,760	3,430	5.9
2022	59,058	56,933	2,125	3.6
2023	60,052	57,624	2,428	4.0

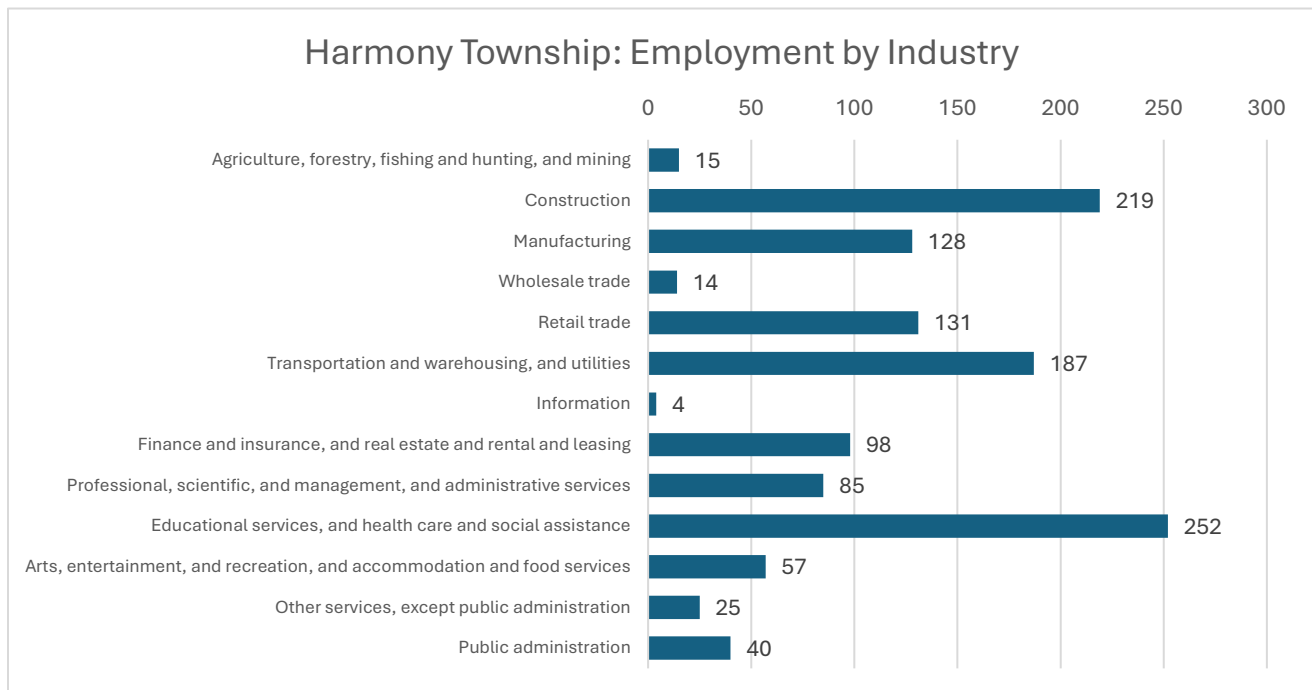
New Jersey: Selected Labor Force Statistics, 2013-2023				
Year	Civilian Labor Force	Resident Employment	Total Unemployed	Unemployment Rate (%)
2013	4,528,019	4,147,661	380,358	8.4
2014	4,493,894	4,191,318	302,576	6.7
2015	4,494,606	4,237,876	256,730	5.7
2016	4,492,821	4,271,201	221,620	4.9
2017	4,614,953	4,406,151	208,802	4.5
2018	4,604,787	4,420,713	184,074	4.0
2019	4,687,390	4,525,044	162,346	3.5
2020	4,638,386	4,200,980	437,406	9.4
2021	4,648,814	4,337,793	311,021	6.7
2022	4,736,213	4,552,563	183,650	3.9
2023	4,829,671	4,615,722	213,949	4.4

Source: New Jersey Department of Labor and Workforce Development: Labor Force Estimates, 2013-2023

In terms of employment by occupation (type of work done by employer), the management, business, science and arts occupations comprise a third of the civilian labor force, followed by sales and office occupations and natural resources, construction, and maintenance operations.



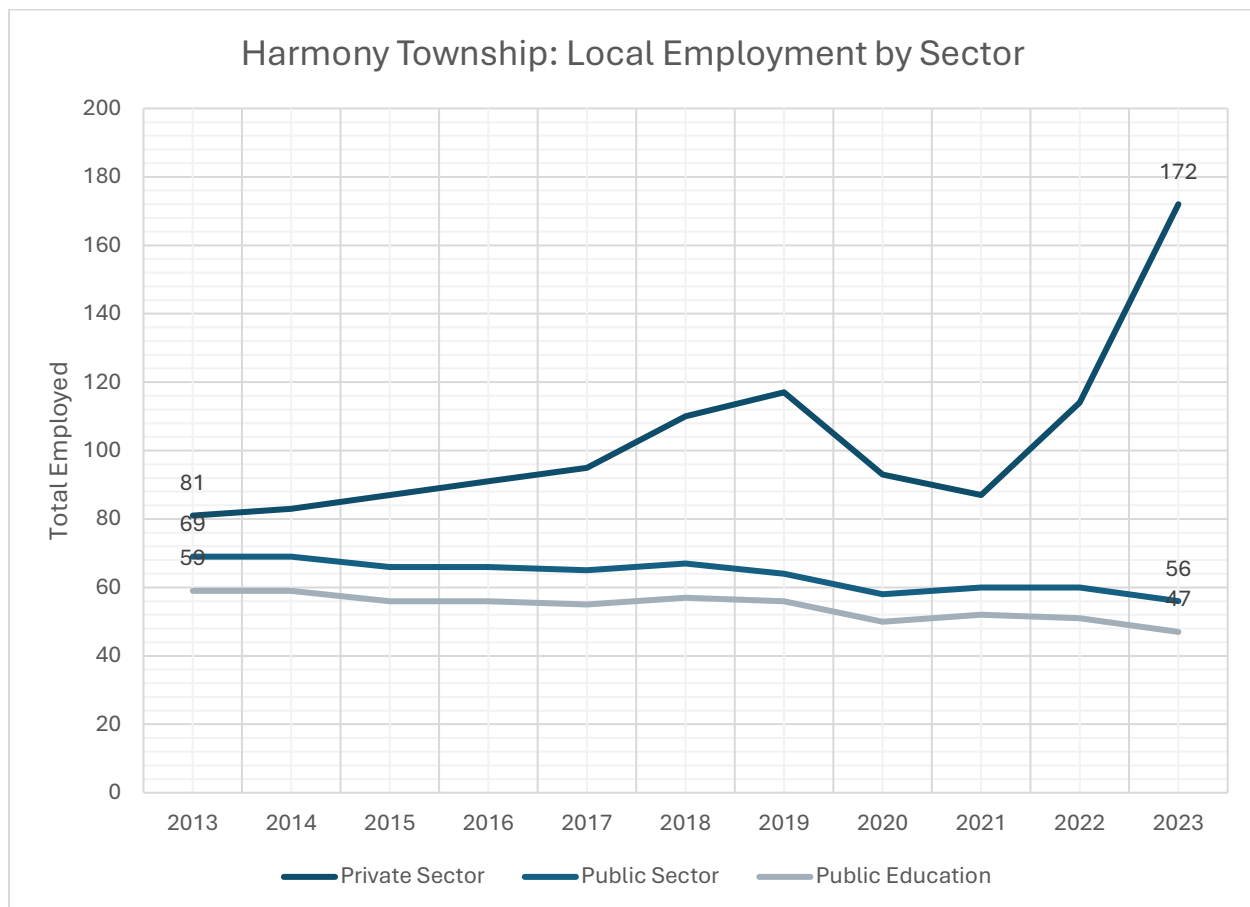
Source (Top and bottom): American Community Survey, 2023 5-year Estimates, DP03



When broken down by industry (class of employer), educational services, health care, and social assistance are the most common employer, followed by construction.

Employment within Harmony Township

Data for local employment within Harmony is less robust. New Jersey Department of Labor and Workforce Development publishes annual Municipal Reports by Sector, but the low number of private firms of any sector within Harmony Township requires suppressing all private industry sector data for the privacy of those firms. Aggregate data shows that private sector employment within Harmony Township has more than doubled in the past ten years, albeit from a low base. Public sector employment, almost entirely in public education, has slowly declined over the same period.



Source: New Jersey Department of Labor and Workforce Development: Municipal Reports by Sector, 2013-2023

While recent job growth in Harmony Township is considerable in relative terms, the small number of local employers makes such figures prone to fluctuations by any individual firm. Additionally, because industry sector information is suppressed in the available data, the Township cannot draw conclusions about potential growth industries within the Township based on this trend alone.

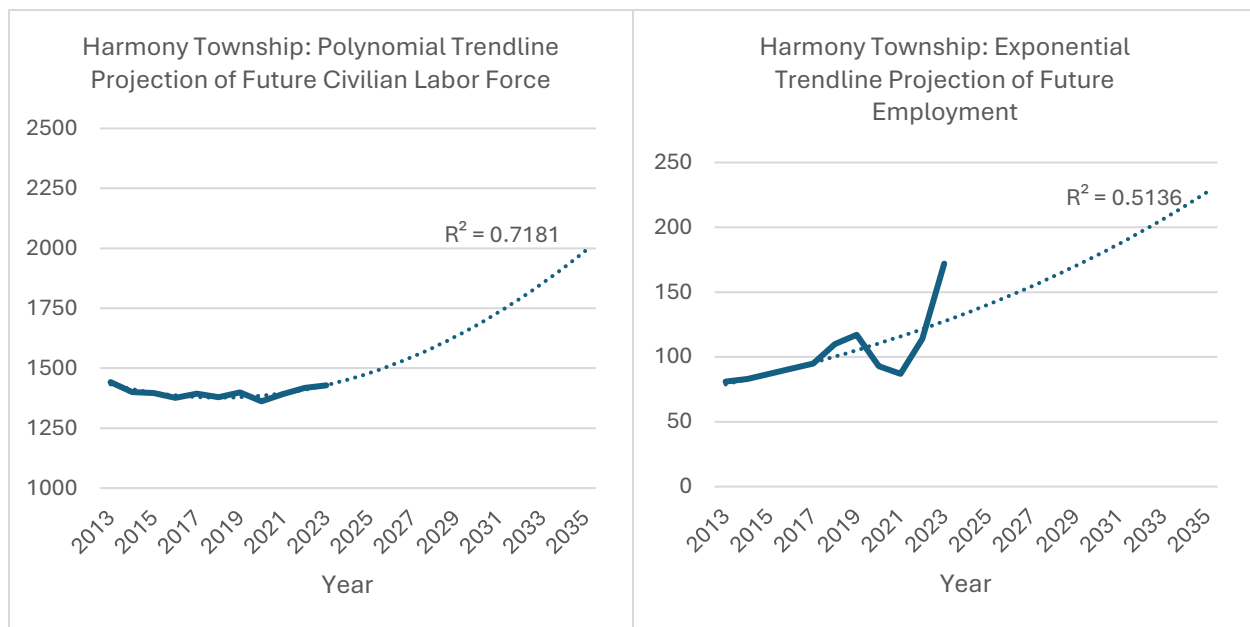
Employment Projections

Few sources exist for employment projections at the municipal level. The most recent projections by North Jersey Transportation Planning Authority project an annualized employment growth of 0.7 percent from 2015 to 2050. However, as NJTPA's municipal projections rely on manual allocation of data collected at the county level, these figures do not necessarily relate to other labor force or employment projections by the New Jersey Department of Labor and Workforce Development or United States Census Bureau.

Harmony Township: NJTPA Employment Projection	
2015 Employment	535
2050 Employment	689
Annualized Employment Change	0.7%

Source: North Jersey Transportation Planning Authority, Regional Transportation Plan Municipal Demographic Projections

Absent more robust publicly available data, the next best possible projections involve performing statistical analysis on existing available data to extrapolate possible trends into future projections. Mapping lines of best fit to existing New Jersey Department of Labor and Workforce Development data suggest that, if current trends continue, Harmony Township may have a civilian labor force of just under 2,000 employees by 2035, as well as around 230 total local employment. These projections, however, are subject to revision as new data become available.



Source: New Jersey Department of Labor and Workforce Development: Labor Force Estimates and Municipal Reports by Sector, 2013-2023

Item E: Present and Prospective Fair Share Determinations

“A determination of the municipality’s present and prospective fair share for low- and moderate-income housing and its capacity to accommodate its present and prospective housing needs, including its fair share for low- and moderate-income housing.”

Updates to the New Jersey Fair Housing Act pursuant to P.L. 2024, c.2 transferred responsibility for developing the methodology for determining municipal present and prospective fair share to the New Jersey Department of Community Affairs. In October of that year, DCA published its report of Affordable Housing Fourth Round Methodology and Background, including initial calculations of present and prospective needs for all New Jersey municipalities. This section summarizes Harmony Township’s allocation of present and prospective need based on DCA’s assessment and the Township’s response thereto. It also includes a summary of the Township’s response to all prior round obligations pursuant to the Township’s settlement agreement with Fair Share Housing Center.

Regional Context

As part of establishing shares of present and prospective need, DCA assigned all New Jersey Counties to one of six housing regions. Warren County, along with Essex, Morris, and Union County, constitute Region 2.

DCA calculated the affordable housing need for each region based on different methodologies for both present and prospective need. Present regional need utilized US Department of Housing and Urban Development data to estimate the share of inadequate housing (defined using HUD standards as homes that lack complete kitchen or plumbing facilities, as well as homes more than 50 years old and overcrowded). For prospective need, DCA assessed the change in total households in each region between the 2010 and 2020 Decennial Census. This change was then divided by 2.5 on the estimate that 40 percent of household growth came from new low-and-moderate-income households.

New Jersey Housing Region 2 (Essex, Morris, Union, Warren) Present and Prospective Need	
Present Need	18,547
Prospective Need Determination	
2010 Households	693,844
2020 Households	745,108
Change	51,264
Regional Prospective Need (Change / 2.5)	20,506

Source: New Jersey Department of Community Affairs: Affordable Housing 2025-2035 (Fourth Round) Methodology and Background

Prior Round Obligation

In the settlement agreement reached between Harmony Township and Fair Share Housing Center, the Township accepted a Third-Round prospective need obligation of 148 units. Combined with a Prior Round prospective need of 47 units. There was no carryover of present need from any previous Round.

The Township's 2019 Housing Element and Fair share Plan, adopted as a condition of effectuating the settlement agreement between the Township and FSHC, described mechanisms for satisfying this combined obligation of 195 units. The table to the right summarizes compliance mechanisms incorporated into the plan towards that purpose.

Due to a lack of sufficient water and sewer capacity, the Township sought a durational adjustment for 151 units as part of its prior round Fair Share Plan. This entailed establishing an Affordable Housing overlay zone over 91.8 acres to permit inclusionary development at densities of 8 to 8.5 units per acre, should appropriate infrastructure and utilities be constructed as part of development. The extent of the overlay zone, as well as all other affordable housing developments approved for the prior round, are provided on a map on the following page.

Summary of Harmony Township's Prior Round Obligation and Compliance	
Prior Round Present Need	0
Warren County Rehabilitation Program	3
Prior Round Prospective Need	195
Clymer Village (100% Affordable)	21
Pink House (Block 9, Lot 72 & 73)	3
Accessory Apartment Program	10
Township Rental Duplex (Block 39, Lot 14)	1
Habitat for Humanity Duplex (Block 43, Lot 28)	2
Habitat for Humanity Duplex (Block 43, Lot 31)	1
Proposed Habitat for Humanity House (Block 42, Lot 17)	1
United Way Group Home	4
Signature Estates (Block 38, Lot 18)	2
Habitat for Humanity House (Block 9, Lot 77)	1
Durational Adjustment	151
Total Prior Round Credits	197

Source: Harmony Township Housing Element and Fair Share Plan, 2019

Having satisfied the requirements of the agreement, the Township was granted a Final Judgment of Compliance and Repose for its Third-Round affordable housing obligation by the Superior Court of New Jersey on November 20, 2024.

Fourth Round Obligation

Based on New Jersey DCA's methodology, Harmony Township was determined to have a Fourth-Round present need of 4 units, and a prospective need of 71 units, for a total Fourth Round obligation of 75 units. The table to the right summarizes DCA's calculations as pertains to Harmony Township.

Summary of Harmony Township's Fourth Round Obligation	
Present Need	
Total Present Need	4
Prospective Need	
Nonresidential Valuation Factor	0.66%
Land Capacity Factor	0.05%
Income Capacity Factor	0.32%
Average Allocation Factor	0.35%
Regional Prospective Need (Region 2)	20,506
Prospective Need	71
Total Fourth Round Obligation	75

Source: New Jersey Department of Community Affairs: Affordable Housing 2025-2035 (Fourth Round) Methodology and Background

Under the provisions of P.L. 2024, c.2, Municipalities were required to either accept the present and prospective need figures as provided by DCA, or calculation their own determination based on methodology laid out in the law (i.e. disputes had to be matters of improper calculation only, not of opinion), no later than January 31, 2025. As the Township found no basis to suggest DCA applied the required methodology improperly, the Township passed a resolution accepting DCA's determination on January 23, 2025. This determination was not contested by any interested party and was subsequently confirmed and finalized via court order on March 27, 2025.

In addition to establishing methodology for determining present and prospective need, P.L. 2024, c.2 established rules for minimum and maximum allowances for certain types of affordable housing. Based on Harmony's determination of present and prospective need, the following minimums and maximums apply:

- Age-restricted housing is limited to a maximum of 30 percent (22 units) of a municipality's prospective need.
- Bonus credits of any kind are limited to a maximum of 25 percent (17 units) of a municipality's prospective need.
- Affordable units reserved for very low-income households must constitute a minimum of 13 percent (10 units) of a municipality's actual units created towards its prospective need.
- Affordable units available to families with children must constitute a minimum of 50 percent (36 units) of a municipality's actual units created towards its prospective need.
- Affordable units for rent must constitute a minimum of 25 percent (18 units) of a municipality's actual units created towards its prospective need, with at least half (9 units) of affordable rental housing made available to families with children.

Item F: Consideration of Appropriate Sites

“A consideration of the lands that are most appropriate for construction of low- and moderate-income housing and of the existing structures most appropriate for conversion to, or rehabilitation for low- and moderate-income housing, including a consideration of lands of developers who have expressed a commitment to provide low- and moderate-income housing.”

Pursuant to N.J.A.C. 5:93-1.3, sites that are designated to produce affordable housing shall be available, approvable, developable, and suitable according to the following criteria:

- “Available site” means a site with clear title, free of encumbrances which preclude development for low- and moderate-income housing. N.J.A.C. 5:93-1.3.
- “Approvable site” means a site that may be developed for low- and moderate-income housing in a manner consistent with the rules or regulations of agencies with jurisdiction over the site. A site may be approvable although not currently zoned for low- and moderate-income housing.
- “Developable site” means a site that has access to appropriate water and sewer infrastructure, and is consistent with the applicable area wide water quality management plan (including the wastewater plan) or is included in an amendment to the area wide water quality management plan submitted to and under review by the DEP.
- “Suitable site” means a site that is adjacent to compatible land uses, has access to appropriate streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4.

In addition to the above qualifications, it is also sound planning for sites to be consistent with the State Development and Redevelopment Plan (SDRP). Sites that are located in the Metropolitan Planning Area 1 or Suburban Planning Area 2 of the SDRP, or are located in an existing sewer service area, are the preferred locations for municipalities to address their fair share obligation. Harmony Township is located within the Rural Planning Area 4, Rural Environmentally Sensitive Planning Area 4B, and Environmentally Sensitive Planning Area 5 of the SDRP. Approximately half of the Township is located within the Preservation Area of the Highlands Region. Harmony Township does not have a sewer service area within its municipal borders.

As required under the Fair Housing Act and the MLUL, the Township shall consider “lands of developers who have expressed a commitment to provide low- and moderate-income housing.” N.J.S.A. 52:27D-310(f). The Township has not received any interest from any developer who has expressed a commitment to providing low- and moderate-income housing.

Durational Adjustment

Harmony Township is seeking a Durational Adjustment to its Fourth-Round obligation based on lack of available water and sewer capacity. No public water and sewer service area exists within the Township, and a combination of environmental constraints and lack of developer commitment to providing low- and moderate-income housing in the Township makes it unlikely, if not impossible, for the Township to satisfy its Fourth-Round obligation with development limited to septic density only. As development at sufficient densities is contingent on available public water and sewer infrastructure, which does not currently exist in the Township, the Township must seek a Durational Adjustment for this revised prospective need, deferring its Fourth-Round obligation until changes in available infrastructure make it possible to develop at sufficient densities.

Proposed Affordable Housing Fourth Round Overlay Zone

The Township proposes the creation of an Affordable Housing Fourth Round Overlay Zone, consisting of Block 38, Lot 11 only, as the primary compliance mechanism for its Fourth-Round Obligation. Such an overlay zone will permit residential development at the densities necessary to satisfy the Township’s Fourth-Round obligation, conditional on the establishment of adequate public water and sewer capacity to support such development. The underlying residential zoning will remain in effect until such a time as a developer expresses a commitment to providing low- and moderate-income housing within the zone.

The proposed site measures approximately 71 acres. While previously approved for single-family residential development and with some homes built, development has been slower than anticipated since it was approved approximately 15 years ago. Establishing an option to redevelop at higher densities may encourage developer interest. The site itself is centrally located within the Township, with potential access frontage along County Route 519, and is within one mile of both the Township Municipal Building and the Township Elementary School. The site features minimal environmental constraints, with no wetlands, open waters, or critical wildlife habitats. The benefits of developing this site outweigh the detriments of requiring a settlement with existing homeowners prior to redevelopment.

If developed at a minimum presumptive density of six (6) dwelling units per acre, the overlay zone can be expected to satisfy the Township's prospective need for the Fourth Round with as low as a minimum 20% set-aside units. Such units will be required to conform to the minimums and maximums established by P.L. 2024, c.2 as a percentage of the Township's prospective need. As total build out potential will be contingent on establishing public water and sewer infrastructure, the Township reserves the right to require a higher affordable set aside to ensure the site can satisfy the Township's prospective need within the capacities of future infrastructure and with minimal impacts to surrounding neighborhoods and ecosystems.

Additional Compliance Mechanisms

The Township will continue its accessory apartment program, as well as its partnership with Habitat for Humanity, for the rehabilitation and construction of low and moderate-income housing units in other locations as deemed appropriate. Should any combination of affordable housing activity over the course of the Round produce additional credits in excess of the Township's Fourth-Round obligations, such credits will be reserved towards the present and prospective need of subsequent Rounds.

Items G, H, and I: State and Regional Consistency Requirements

Multigenerational Housing Continuity Commission Consistency

“An analysis of the extent to which municipal ordinances and other local factors advance or detract from the goal of preserving multigenerational family continuity, as expressed in the recommendations of the Multigenerational Family Housing Continuity Commission as adopted pursuant to N.J.S.A. 52:27D-329.20.”

The New Jersey State Legislature established the Multigenerational Housing Continuity Commission in 2021 with the passage of P.L. 2021, c.273. The Commission, created in response to a record number of senior deaths in nursing homes during the COVID-19 pandemic, is tasked with informing the Governor of local incentives and barriers to seniors living with members of their extended family as an alternative to nursing homes. As part of the law, municipalities are required to review their ordinances and other factors for their potential to advance or detract from multigenerational living arrangements as a required component of the Housing Element.

While Harmony Township Code doesn't contain any explicit provisions to promote multigenerational family living arrangements, nothing about the Township's definition of a family or single-family dwelling is constructed to impede such arrangements as permitted residential uses. The Township has an accessory apartment program, but while such units are sometimes used in other states to provide multigenerational housing, it is against the provisions of the program to restrict accessory units to extended family members for affordable housing purposes.

Highlands Regional Master Plan Consistency

“For a municipality located within the jurisdiction of the Highlands Water Protection and Planning Council, established pursuant to section 4 of P.L.2004, c.120 (N.J.S.A. 13:20-4), an analysis of compliance of the housing element with the Highlands Regional Master Plan of lands in the Highlands Preservation Area, and lands in the Highlands Planning Area for Highlands-conforming municipalities”

This Plan is consistent with the Highlands Regional Master Plan (RMP). No new affordable housing sites are proposed to be located within the Highlands Preservation Area. Three existing affordable housing sites in the Preservation Area, the Pink House (Block 9, Lots 72 and 73), Habitat for Humanity (Block 9, Lot 77), and United Way Group Home (Block 26, Lot 56), are permitted to continue as prior uses. No changes or improvements are proposed for these developments at this time.

Harmony Township submitted its Petition for Plan Conformance for all lands lying in the Preservation Area in 2009. Since then, The Township has prepared several planning documents pursuant towards conformance with the Highlands Regional Master Plan. These include a Sustainable Economic Development Plan, Farmland Preservation Plan, Environmental Resource Inventory, and an adopted Checklist Ordinance. The Township intends to continue towards conformance with the Highlands Regional Master Plan.

New Jersey State Development and Redevelopment Plan Consistency

“An analysis of consistency with the State Development and Redevelopment Plan, including water, wastewater, stormwater, and multi-modal transportation based on guidance and technical assistance from the State Planning Commission.”

Approximately half of the land if the Township is in the Highlands Preservation Area, outside of the jurisdiction of the State Development and Redevelopment Plan. The remainder of the Township is divided between Planning Area 4 (Rural), primarily those lands adjacent to the Delaware River, and Planning Area 4B (Rural Environmentally Sensitive) for those lands bordering the Highlands Preservation Area. No part of the Township is a designated Center, either in the State Plan or Highlands Regional Master Plan.

Such designations orient the Township’s land as more suited to preservation, under the State Development and Redevelopment Plan’s Climate Change, Natural and Water Resources, Pollution and Environmental Clean-Up, and Historic and Scenic Resources goals. This is in keeping with the Township continuing as a rural community. Furthermore, as there is minimal existing developed areas or infrastructure that can support more intense development, the State Plan’s Infrastructure and Revitalization and Recentering goals are of minimal applicability to the Township.

No public transit systems operate in the Township. The Township’s combination of Rural, Rural Environmentally Sensitive, and Highlands Preservation Lands do not lend themselves to extending transit lines or services into the Township.

Appendix A: Draft Resolution by Township Land Use Board Adopting Housing
Element and Fair Share Plan

R-25-

**A RESOLUTION BY THE HARMONY TOWNSHIP LAND USE BOARD ADOPTING
UPDATED HOUSING ELEMENT AND FAIR SHARE PLAN FOR THE FOURTH
ROUND AFFORDABLE HOUSING OBLIGATION**

WHEREAS, the passage of P.L. 2024, c2 by the New Jersey State Legislature established procedures and requirements for the fourth round of affordable housing obligations pursuant to the State's Fair Housing Act; and

WHEREAS, all municipalities in the State are required, pursuant to the procedures established above, to adopt an updated Housing Element and Fair Share Plan, with all required components pursuant to the State's Fair Housing Act, to reflect their respective municipalities' plans to satisfy their fair share of regional need for and moderate-income housing, by no later than June 30; and

WHEREAS, the Township of Harmony has directed its Municipal Planner to prepare an updated Housing Element and Fair Share Plan, including all required elements and appendices, for adoption by the Land Use Board as an amendment to the Township Master Plan; and

WHEREAS, the Township of Harmony remains in compliance with all required actions to retain substantive certification status for its existing Housing Element and Fair Share Plan, and wishes to maintain this status for the fourth round.

NOW, THEREFORE, BE IT RESOLVED, by the Land Use Board of the Township of Harmony that the following OFFICIAL ACTION is taken:

1. The proposed update to the Township of Harmony's Housing Element and Fair Share Plan is hereby ADOPTED by this Board as an amendment to the Township's Master Plan.
2. The Township of Harmony Land Use Board hereby directs the Municipal Attorney to file a declaratory judgment complaint in Warren County within 48 hours after the adoption of this resolution, attaching this resolution.
3. The Township of Harmony Land Use Board authorizes the Municipal Attorney to attach this resolution as an exhibit to the declaratory judgment action that is filed and to submit and/or file this resolution with the Affordable Housing Dispute Resolution Program or any other such entity as may be determined to be appropriate.
4. This resolution shall take effect immediately.

I, Kelley D. Smith, Secretary of the Township of Harmony Land Use Board, do hereby certify the foregoing to be a true copy of a Resolution adopted by the Harmony Township Committee at a meeting held on June 18, 2025.

Kelley D. Smith
Land Use Board Secretary

Appendix B: Draft Resolution by Township Committee Endorsing Housing
Element and Fair Share Plan

R-25-

**A RESOLUTION BY THE TOWNSHIP OF HARMONY, COUNTY OF WARREN AND
STATE OF NEW JERSEY, ENDORSING THE HOUSING ELEMENT AND FAIR
SHARE PLAN ADOPTED BY THE TOWNSHIP LAND USE BOARD**

WHEREAS, the passage of P.L. 2024, c2 by the New Jersey State Legislature established procedures and requirements for the fourth round of affordable housing obligations pursuant to the State's Fair Housing Act; and

WHEREAS, all municipalities in the State are required, pursuant to the procedures established above, to adopt an updated Housing Element and Fair Share Plan, with all required components pursuant to the State's Fair Housing Act, to reflect their respective municipalities' plans to satisfy their fair share of regional need for and moderate-income housing, by no later than June 30; and

WHEREAS, the Township of Harmony has directed its Municipal Planner to prepare an updated Housing Element and Fair Share Plan, including all required elements and appendices, for adoption by the Land Use Board as an amendment to the Township Master Plan; and

WHEREAS, the Harmony Township Land Use Board has adopted the updated Housing Element and Fair Share Plan as an amendment to the Township Master Plan at its June 18, 2025 regular meeting

WHEREAS, the Township of Harmony seeks a final judgement of compliance for its Housing Element and Fair Share Plan before adopting the required implementing ordinances.

NOW, THEREFORE, BE IT RESOLVED, by the Harmony Township Committee that the following OFFICIAL ACTION is taken:

1. The update to the Township of Harmony's Housing Element and Fair Share Plan adopted as an amendment to the Township's Master Plan is hereby ENDOSED by this Committee.
2. The Harmony Township Committee hereby directs the Municipal Attorney to file a declaratory judgment complaint in Warren County within 48 hours after the adoption of this resolution, attaching this resolution.
3. The Harmony Township Committee authorizes the Municipal Attorney to attach this resolution as an exhibit to the declaratory judgment action that is filed and to submit and/or file this resolution with the Affordable Housing Dispute Resolution Program or any other such entity as may be determined to be appropriate.
4. This resolution shall take effect immediately.

I, Kelley D. Smith, Municipal Clerk of the Township of Harmony, do hereby certify the foregoing to be a true copy of a Resolution adopted by the Harmony Township Committee at a meeting held on June 26, 2025.

Kelley D. Smith
Land Use Board Secretary

DRAFT

Appendix C: Current Township Affordable Housing Ordinances

*Township of Harmony, NJ
Tuesday, June 3, 2025*

Chapter 120. Affordable Housing Regulations

[HISTORY: Adopted by the Township Committee of the Township of Harmony 12-3-2019 by Ord. No. 19-13 (Ch. 47 of the 1990 Code). Amendments noted where applicable.]

Article I. Definitions

§ 120-1. Definitions.

The following terms when used in this chapter, shall have the following meanings:

ACT

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

ADAPTABLE

Constructed in compliance with the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7.

ADMINISTRATIVE AGENT

The entity designated by the Township to administer affordable units in accordance with this chapter, N.J.A.C. 5:93, and UHAC (N.J.A.C. 5:80-26).

AFFIRMATIVE MARKETING

A regional marketing strategy designed to attract buyers and/or renters of affordable units pursuant to N.J.A.C. 5:80-26.15.

AFFORDABILITY AVERAGE

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.

AFFORDABLE

A sales price or rent level that is within the means of a low- or moderate-income household as defined within N.J.A.C. 5:93-7.4, and, 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 DEVELOPMENT

A development included in or approved pursuant to the Housing Element and Fair Share Plan or otherwise intended to address the Township's fair share obligation, and includes, but is not limited to, an inclusionary development, a municipal construction project or a 100% affordable housing development.

AFFORDABLE HOUSING PROGRAM(S)

Any mechanism in a municipal Fair Share Plan prepared or implemented to address a municipality's fair share obligation.

AFFORDABLE UNIT

A housing unit proposed or created pursuant to the Act and approved for crediting by the Court and/or funded through an affordable housing trust fund.

AGE-RESTRICTED UNIT

A housing unit designed to meet the needs of, and exclusively for, the residents of an age-restricted segment of the population such that all the residents of the development wherein the unit is situated are 62 years of age or older; or at least 80% of the units are occupied by one person who is 55 years of age or older; or 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.

AGENCY

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

ALTERNATIVE LIVING ARRANGEMENT

A structure in which households live in distinct bedrooms, yet share kitchen and plumbing facilities, central heat and common areas. Alternative living arrangements include, but are not limited to transitional facilities for the homeless; Class A, B, C, D and E boarding homes as regulated by the State of New Jersey Department of Community Affairs; residential health care facilities as regulated by the New Jersey Department of Health; group homes for the developmentally disabled and mentally ill as licensed and/or regulated by the New Jersey Department of Human Services; and congregate living arrangements.

ASSISTED LIVING RESIDENCE

A facility that is licensed by the New Jersey State Department of Health to provide apartment-style housing and congregate dining and to assure that assisted living services are available when needed for four or more adult persons unrelated to the proprietor and that offers units containing, at a minimum, one unfurnished room, a private bathroom, a kitchenette and a lockable door on the unit entrance.

[Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. I)]

CERTIFIED HOUSEHOLD

A household that has been certified by an Administrative Agent as a very-low-income, low-income household or moderate-income household.

COAH

The Council on Affordable Housing, as established by the New Jersey Fair Housing Act (N.J.S.A. 52:27D-301 et seq.).

CONSTRUCTION OFFICIAL

The construction office or his/her designee.

DCA

The State of New Jersey Department of Community Affairs.

DEFICIENT HOUSING UNIT

A housing unit with health and safety code violations that requires 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.

DEVELOPER

Any person, partnership, association, company or corporation that is the legal or beneficial owner or owners of a lot or any land 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

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.

DEVELOPMENT FEE

Money paid by a developer for the improvement of property as permitted at N.J.A.C. 5:97-8.3.

EQUALIZED ASSESSED VALUE

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 of P.L. 1973, c. 123 (N.J.S.A. 54:1-35a through N.J.S.A. 54:1-35c).

GREEN BUILDING STRATEGIES

Those 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.

INCLUSIONARY DEVELOPMENT

A development containing both affordable units and market rate units. This term includes, but is not limited to new construction, the conversion of a nonresidential structure to residential use and the creation of new affordable units through the gut rehabilitation or reconstruction of a vacant residential structure.

LOW-INCOME HOUSEHOLD

A household with a total gross annual household income equal to 50% or less of the regional median household income by household size.

LOW-INCOME UNIT

A restricted unit that is affordable to a low-income household.

MAJOR SYSTEM

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 and load-bearing structural systems.

MARKET-RATE UNITS

Housing not restricted to very-low-, low- and moderate-income households that may sell or rent at any price.

MEDIAN INCOME

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

A household with a total gross annual household income in excess of 50% but less than 80% of the regional median household income by household size.

MODERATE-INCOME UNIT

A restricted unit that is affordable to a moderate-income household.

NONEXEMPT SALE

Any sale or transfer of ownership other than the 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; 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.

RANDOM SELECTION PROCESS

A process by which currently income-eligible households are selected for placement in affordable housing 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).

REGIONAL ASSET LIMIT

The maximum housing value in each housing region affordable to a four-person household with an income at 80% of the regional median as defined by duly adopted regional income limits published annually by COAH or a successor entity.

REHABILITATION

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

RENT

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

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 et seq., as amended and supplemented, but does not include a market-rate unit financed under UHROP or MONI.

SETTLEMENT AGREEMENT

The settlement agreement between the Township of Harmony and Fair Share Housing Center dated December 20, 2018 in IMO Township of Harmony, Docket No. WRN-L-230-15.

TOWNSHIP

The Township of Harmony.

UHAC

The Uniform Housing Affordability Controls set forth in N.J.A.C. 5:80-26-1 et seq.

VERY-LOW-INCOME HOUSEHOLD

A household with a total gross annual household income equal to or less than 30% of the regional median household income by household size.

VERY-LOW-INCOME UNIT

A restricted unit that is affordable to a very-low-income household.

WEATHERIZATION

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 purposes of a rehabilitation program.

Article II. Development Fees

§ 120-2. Purpose.

- A. In *Holmdel Builder's Association v. Holmdel Township*, 121 N.J. 550 (1990), the New Jersey Supreme Court determined that mandatory development fees are authorized by the Fair Housing Act of 1985, N.J.S.A. 52:27d-301 et seq., and the State Constitution, subject to the adoption of Rules by the Council on Affordable Housing (COAH).
- B. Pursuant to P.L. 2008, c. 46, Section 8 (N.J.S.A. 52:27D-329.2) and the Statewide Non-Residential Development Fee Act (N.J.S.A. 40:55D-8.1 through 8.7), COAH was authorized to adopt and promulgate regulations necessary for the establishment, implementation, review, monitoring and enforcement of municipal affordable housing trust funds and corresponding spending plans. Municipalities that were under the jurisdiction of COAH and that are now before a court of competent jurisdiction and have a Court-approved spending plan may retain fees collected from nonresidential development.

- C. This article establishes standards for the collection, maintenance, and expenditure of development fees that are consistent with COAH's regulations developed in response to P.L. 2008, c. 46, Sections 8 and 32-38 (N.J.S.A. 52:27D-329.2) and the Statewide Non-Residential Development Fee Act (N.J.S.A. 40:55D-8.1 through 8.7). Fees collected pursuant to this article shall be used for the sole purpose of providing low- and moderate-income housing in accordance with a Court-approved spending plan.

§ 120-3. Basic requirements.

- A. This chapter shall not be effective until approved by the Court.
- B. The Township of Harmony shall not spend development fees until the Court has approved a plan for spending such fees (spending plan).

§ 120-4. Residential development fees.

- A. Imposition of fees.
- (1) Within the Township of Harmony, all residential developers, except for developers of the types of developments specifically exempted below and developers of developments that include affordable housing, shall pay a fee of 1.5% of the equalized assessed value for all new 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.
 - (2) 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% 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.
 - (3) 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.
- B. Eligible exactions, ineligible exactions and exemptions for residential developments.
- (1) 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 a payment in lieu of on-site construction of affordable units shall be exempt from development fees.
 - (2) Developments that have received preliminary or final site plan approval prior to the adoption of a municipal development fee ordinance shall be exempt from development fees, unless the developer seeks a substantial change in the approval. Where a site plan approval does not apply, a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for this purpose. The fee percentage shall be vested on the date that the building permit is issued.
 - (3) Developers of educational facilities shall be exempt from paying a development fee.
 - (4) Developers of houses of worship and other uses that are entitled to exemption from New Jersey real property tax shall be exempt from the payment of a development fee, provided that such development does not result in the construction of any additional housing or residential units, including assisted living and continuing care retirement communities.
 - (5) A development shall be exempt from an increase in the percentage of the development fee, provided the building permit was issued prior to the effective date of this article, or prior to any subsequent ordinance increasing the fee percentage. The developer shall have the right to pay the fee based on the percentage in effect on the date the building permit was issued.
 - (6) Any development or improvement to structures of owner-occupied property in which there is located an affordable accessory residence. This exemption shall only apply to development or improvements to the property during the period of affordability controls.
 - (7) The construction of a new accessory building or other structure on the same lot as the principal building shall be exempt from the imposition of development fees if the assessed value of the structure is determined to be less than \$100,000.

§ 120-5. Nonresidential development fees.

- A. Imposition of fees.
- (1) Within all zoning districts, nonresidential developers, except for developers of the types of developments specifically exempted below, shall pay a fee equal to 2.5% of the equalized assessed value of the land and improvements, for all new nonresidential construction on an unimproved lot or lots.
 - (2) Within all zoning districts, nonresidential developers, except for developers of the types of developments specifically exempted below, 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 nonresidential purposes.

- (3) 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 preexisting 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 nonresidential development fee shall be zero.
- (4) The nonresidential portion of a mixed-use inclusionary or market rate development shall be subject to the development fee of 2.5% unless otherwise exempted below.

B. Eligible exactions, ineligible exactions and exemptions for nonresidential development.

- (1) The 2.5% development fee shall not apply to an increase in equalized assessed value resulting from alterations, change in use within the existing footprint, reconstruction, renovations and repairs.
- (2) Nonresidential developments shall be exempt from the payment of nonresidential 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.
- (3) A developer of a nonresidential development exempted from the nonresidential 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 nonresidential development fee, in that event, within three years after that event or after the issuance of the final certificate of occupancy for the nonresidential development, whichever is later.
- (4) If a property which was exempted from the collection of a nonresidential 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 nonresidential development fees under these circumstances may be enforceable by the Township of Harmony as a lien against the real property of the owner.
- (5) Pursuant to P.L. 2009, c. 90 and P.L. 2011, c. 122, the nonresidential statewide development fee of 2.5% for nonresidential development is suspended for all nonresidential projects that received preliminary or final site plan approval subsequent to July 17, 2008 until July 1, 2013, provided that a permit for the construction of the building has been issued prior to January 1, 2015.

§ 120-6. Collection procedures.

- A. Upon the granting of a preliminary, final or other applicable approval for a development, the approving authority or entity shall notify or direct its staff to notify the Construction Official responsible for the issuance of a construction permit.
- B. For nonresidential 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 as per the instructions provided. The developer of a nonresidential development shall complete Form N-RDF as per the instructions provided. The Construction Official shall verify the information submitted by the nonresidential developer as per the instructions provided in the 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 construction permit shall notify the Township Tax Assessor of the issuance of the first construction permit for a development which is subject to a development fee.
- D. Within 90 days of receipt of such notification, the Township Tax Assessor shall prepare an estimate of the equalized assessed value of the development based on the plans filed.
- E. The Construction Official responsible for the issuance of a final certificate of occupancy shall notify the Township Tax Assessor of any and all requests for the scheduling of a final inspection on a property which is subject to a development fee.
- F. Within 10 business days of a request for the scheduling of a final inspection, the Township 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 Township of Harmony 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. Except as provided in hereinabove, 50% of the initially calculated 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 the certificate of occupancy.
- I. Appeal of development fees.
 - (1) A developer may challenge residential development fees imposed by filing a challenge with the County Board of Taxation. Pending a review and determination by the Board, collected fees shall be placed in an interest bearing escrow account by the Township of Harmony. 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, N.J.S.A. 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.

- (2) A developer may challenge nonresidential 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 Township of Harmony. 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, N.J.S.A. 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.

§ 120-7. Affordable Housing Trust Fund.

- A. There is hereby created a separate, interest-bearing Affordable Housing Trust Fund to be maintained by the Chief Financial Officer of Township of Harmony for the purpose of depositing development fees collected from residential and nonresidential developers and proceeds from the sale of units with extinguished controls.
- B. The following additional funds shall be deposited in the Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:
- (1) Payments in lieu of on-site construction of a fraction of an affordable unit, where permitted by ordinance or by agreement with the Township of Harmony;
 - (2) Funds contributed by developers to make 10% of the adaptable entrances in a townhouse or other multistory attached dwelling unit development accessible;
 - (3) Rental income from municipally operated units;
 - (4) Repayments from affordable housing program loans;
 - (5) Recapture funds;
 - (6) Proceeds from the sale of affordable units; and
 - (7) Any other funds collected in connection with Harmony Township's affordable housing program.
- C. In the event of a failure by the Township of Harmony to comply with trust fund monitoring and reporting requirements or to submit accurate monitoring reports; or a failure to comply with the conditions of the judgment of compliance or a revocation of the judgment of compliance; or a failure to implement the approved spending plan and to expend funds within the applicable required time period as set forth in *In re Tp. of Monroe*, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563); or the expenditure of funds on activities not approved by the Court; or for other good cause demonstrating the unapproved use(s) of funds, the Court may authorize the State of New Jersey, Department of Community Affairs, Division of Local Government Services (LGS), to direct the manner in which the funds in the Affordable Housing Trust Fund shall be expended, provided that all such funds shall, to the extent practicable, be utilized for affordable housing programs within the Township of Harmony, or, if not practicable, then within the County or the Housing Region. Any party may bring a motion before the Superior Court presenting evidence of such condition(s), and the Court may, after considering the evidence and providing the municipality a reasonable opportunity to respond and/or to remedy the non-compliant condition(s), and upon a finding of continuing and deliberate non-compliance, determine to authorize LGS to direct the expenditure of funds in the Trust Fund. The Court may also impose such other remedies as may be reasonable and appropriate to the circumstances.
- D. Interest accrued in the Affordable Housing Trust Fund shall only be used to fund eligible affordable housing activities approved by the Court.

§ 120-8. Use of funds.

- A. The expenditure of all funds shall conform to a spending plan approved by the Court. Funds deposited in the Affordable Housing Trust Fund may be used for any activity approved the Court to address the Township of Harmony's 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; Regional Housing Partnership programs; conversion of existing nonresidential 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 the Court and specified in the approved spending plan.
- B. Funds shall not be expended to reimburse the Township of Harmony for past housing activities.
- C. At least 30% of all development fees collected and interest earned on such fees shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the municipal Fair Share Plan. One-third of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning 30% or less of the median income for Housing Region 2, in which Harmony Township is located.
- (1) 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, and assistance with emergency repairs. The specific programs to be used for affordability assistance shall be identified and described within the spending plan.

- (2) Affordability assistance to households earning 30% or less of median income may include 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. The specific programs to be used for very-low-income affordability assistance shall be identified and described within the spending plan.
 - (3) Payments in lieu of constructing affordable housing units on site, if permitted by ordinance or by agreement with the Township of Harmony, and funds from the sale of units with extinguished controls shall be exempt from the affordability assistance requirement.
- D. The Township of Harmony may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan, including its programs for affordability assistance.
- E. No more than 20% of all revenues collected from development fees may 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 a Housing Element and Fair Share Plan, and/or administer an affirmative marketing program or a rehabilitation program.
- (1) In the case of a rehabilitation program, the administrative costs of the rehabilitation program shall be included as part of the 20% of collected development fees that may be expended on administration.
 - (2) Administrative funds may be used for income qualification of households, monitoring the turnover of sale and rental units, and compliance with COAH's monitoring requirements. Legal or other fees related to litigation opposing affordable housing sites or related to securing or appealing a judgment from the Court are not eligible uses of the Affordable Housing Trust Fund.

§ 120-9. Monitoring.

The Township of Harmony shall provide annual reporting of Affordable Housing Trust Fund activity to the State of New Jersey, Department of Community Affairs, Council on Affordable Housing or Local Government Services or other entity designated by the State of New Jersey, with a copy provided to Fair Share Housing Center and posted on the municipal website, using forms developed for this purpose by the New Jersey Department of Community Affairs, Council on Affordable Housing or Local Government Services. The reporting shall include an accounting of all 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. Such reporting shall include an accounting of development fees collected from residential and nonresidential developers, payments in lieu of constructing affordable units on site (if permitted by ordinance or by agreement with the Township), funds from the sale of units with extinguished controls, barrier free escrow funds, rental income from Township owned affordable housing units, repayments from affordable housing program loans, and any other funds collected in connection with Harmony Township's affordable housing programs, as well as an accounting of the expenditures of revenues and implementation of the spending plan approved by the Court.

§ 120-10. Ongoing collection of fees.

- A. The ability for the Township of Harmony to impose, collect and expend development fees shall expire with the expiration of the repose period covered by its judgment of compliance unless the Township of Harmony has first filed an adopted Housing Element and Fair Share Plan with the Court or with a designated state administrative agency, has petitioned for a judgment of compliance from the Court or for substantive certification or its equivalent from a state administrative agency authorized to approve and administer municipal affordable housing compliance and has received approval of its Development Fee Ordinance from the entity that will be reviewing and approving the Housing Element and Fair Share Plan.
- B. If the Township of Harmony 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 (N.J.S.A. 52:27D-320).
- C. The Township of Harmony shall not impose a residential development fee on a development that receives preliminary or final site plan approval after the expiration of its judgment of compliance, nor shall the Township of Harmony retroactively impose a development fee on such a development. The Township of Harmony also shall not expend any of its collected development fees after the expiration of its judgment of compliance.

Article III. Affordable Housing

§ 120-11. Monitoring and reporting requirements.

The Township of Harmony shall comply with the following monitoring and reporting requirements regarding the status of the implementation of its Housing Element and Fair Share Plan:

- A. Beginning on July 1, 2020, and on every anniversary of that date through July 1, 2025, the Township shall provide annual reporting of its Affordable Housing Trust Fund activity to the New Jersey Department of Community Affairs, Council on Affordable Housing, or Local Government Services, or other entity designated by the State of New Jersey, with a copy provided to Fair Share Housing Center (FSHC) and posted on the municipal website, using forms developed for this purpose by the New Jersey Department of Community Affairs (NJDCA), Council on Affordable Housing (COAH), or Local Government Services (NJLGS). The

reporting shall include an accounting of all Affordable Housing Trust Fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

- B. Beginning on July 1, 2020, and on every anniversary of that date through July 1, 2025, the Township shall provide annual reporting of the status of all affordable housing activity within the municipality through posting on the municipal website with a copy of such posting provided to FSHC, using forms previously developed for this purpose by COAH or any other forms endorsed by the Special Master and FSHC.
- C. By July 1, 2020, as required pursuant to N.J.S.A. 52:27D-313, the Township will post on its municipal website, with a copy provided to FSHC, a status report as to its implementation of its Plan and an analysis of whether any unbuilt sites or unfulfilled mechanisms continue to present a realistic opportunity and whether any mechanisms to meet unmet need should be revised or supplemented. Such posting shall invite any interested party to submit comments to the municipality, with a copy to FSHC, regarding whether any sites no longer present a realistic opportunity and should be replaced and whether any mechanisms to meet unmet need should be revised or supplemented. Any interested party may by motion request a hearing before the Court regarding these issues.
- D. By July 1, 2020, and every third year thereafter, as required by N.J.S.A. 52:27D-329.1, the Township will post on its municipal website, with a copy provided to FSHC, a status report as to its satisfaction of its very-low-income requirements, including its family very-low-income requirements. Such posting shall invite any interested party to submit comments to the municipality and FSHC on the issue of whether the municipality has complied with its very-low-income and family very-low-income housing obligations.

§ 120-12. Applicability.

- A. The provisions of this chapter shall apply to all affordable housing developments and affordable housing units that currently exist and that are proposed to be created within the Township of Harmony pursuant to the Township's most recently adopted Housing Element and Fair Share Plan and the settlement agreement.
- B. This chapter shall apply to all developments that contain very-low-, low- and moderate-income housing units, including any currently unanticipated future developments that will provide very-low-, low- and moderate-income housing units, and also including projects funded with low-income housing tax credits.

§ 120-13. Alternative living arrangements.

- A. The administration of an alternative living arrangement shall be in compliance with N.J.A.C. 5:93-5.8 and UHAC, with the following exceptions:
 - (1) Affirmative marketing (N.J.A.C. 5:80-26.15), provided, however, that the units or bedrooms may be affirmatively marketed by the provider in accordance with an alternative plan approved by the Court;
 - (2) Affordability average and bedroom distribution (N.J.A.C. 5:80-26.3).
- B. With the exception of units established with capital funding through a twenty-year operating contract with the Department of Human Services, Division of Developmental Disabilities, alternative living arrangements shall have at least thirty-year controls on affordability in accordance with UHAC, unless an alternative commitment is approved by the Court.
- C. The service provider for the alternative living arrangement shall act as the Administrative Agent for the purposes of administering the affirmative marketing and affordability requirements for the alternative living arrangement.

§ 120-14. Phasing schedule for inclusionary zoning.

In inclusionary developments, the following schedule for the issuance of certificates of occupancy for the required affordable housing units relative to the issuance of certificates of occupancy for the permitted market units shall be as follows:

Maximum Percentage of Market-Rate Units Completed (COs Issued)	Minimum Percentage of Low- and Moderate-Income Units Completed (COs Issued)
25%	0%
25% + 1	10%
50%	50%
75%	75%
90%	100%

§ 120-15. New construction.

- A. Low/moderate split and bedroom distribution of affordable housing units:

- (1) The fair share obligation 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. At least 13% of all restricted rental units within each bedroom distribution shall be very-low-income units (affordable to a household earning 30% or less of regional median income by household size). The very-low-income units shall be counted as part of the required number of low-income units within the development.
- (2) At least 25% of the obligation shall be met through rental units, including at least half in rental units available to families.
- (3) A maximum of 25% of the Township's obligation may be met with age restricted units. At least half of all affordable units in the Township's Plan shall be available to families.
- (4) In each affordable development, at least 50% of the restricted units within each bedroom distribution shall be very-low- or low-income units including that 13% shall be very-low-income.
- (5) Affordable developments that are not age-restricted shall be structured in conjunction with realistic market demands such that:
 - (a) The combined number of efficiency and one-bedroom units shall be no greater than 20% of the total low- and moderate-income units;
 - (b) At least 30% of all low- and moderate-income units shall be two-bedroom units;
 - (c) At least 20% of all low- and moderate-income units shall be three-bedroom units; and
 - (d) The remaining units may be allocated among two- and three-bedroom units at the discretion of the developer.
- (6) Affordable developments that are age-restricted shall be structured such that the number of bedrooms shall equal the number of age-restricted very-low-, low- and moderate-income units within the inclusionary development. This standard may be met by having all one-bedroom units or by having a two-bedroom unit for each efficiency unit.

B. Accessibility requirements:

- (1) The first floor of all restricted townhouse dwelling units and all restricted units in all other multistory buildings shall be subject to the technical design standards of the Barrier Free SubCode, N.J.A.C. 5:23-7 and the following.
- (2) All restricted townhouse dwelling units and all restricted units in other multistory buildings in which a restricted dwelling unit is attached to at least one other dwelling unit shall have the following features:
 - (a) An adaptable toilet and bathing facility on the first floor; and
 - (b) An adaptable kitchen on the first floor; and
 - (c) An interior accessible route of travel on the first floor; and
 - (d) An adaptable room that can be used as a bedroom, with a door or the casing for the installation of a door, on the first floor; and
 - (e) If not all of the foregoing requirements in Subsection **B(2)(a)** through **(d)** can be satisfied, then an interior accessible route of travel must be provided between stories within an individual unit, but if all of the terms of Subsection **B(2)(a)** through **(d)** above have been satisfied, then an interior accessible route of travel shall not be required between stories within an individual unit; and
 - (f) An accessible entranceway as set forth at 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 Harmony Township has collected funds from the developer sufficient to make 10% of the adaptable entrances in the development accessible:
 - [1] 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.
 - [2] To this end, the builder of restricted units shall deposit funds within the Township of Harmony's Affordable Housing Trust Fund sufficient to install accessible entrances in 10% of the affordable units that have been constructed with adaptable entrances.
 - [3] The funds deposited under Subsection **B(2)(f)[2]** above shall be used by the Township of Harmony 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.
 - [4] The developer of the restricted units shall submit a design plan and cost estimate to the Construction Official of the Township of Harmony for the conversion of adaptable to accessible entrances.
 - [5] Once the Construction Official has determined that the design plan to convert the unit entrances from adaptable to accessible meet 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 Township's Affordable Housing Trust Fund in care of the Township Treasurer who shall ensure that the funds are deposited into the Affordable Housing Trust Fund and appropriately earmarked.
- (g) Full compliance with the foregoing provisions shall not be required where an entity can demonstrate that it is "site impracticable" to meet the requirements. Determinations of site impracticability shall be in compliance with the Barrier Free SubCode, N.J.A.C. 5:23-7.

C. Design:

- (1) In inclusionary developments, to the extent possible, very-low-, low- and moderate-income units shall be integrated with the market units.
- (2) In inclusionary developments, very-low-, low- and moderate-income units shall have access to all of the same common elements and facilities as the market units.

D. Maximum 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, utilizing the most recently published regional weighted average of the uncapped Section 8 income limits published by HUD and using the calculation set forth below. Income limits for all affordable units that are created in the Township for which income limits are not already established through a federal program exempted from the UHAC pursuant to N.J.A.C 5:80-26.1 shall be updated by the Township annually within 30 days of the publication of determinations of median income by the Department of Housing and Urban Development ("HUD") as follows:
 - (a) Regional income limits shall be established for the region within which the Township is located based on the median income by household size, which shall be established by a regional weighted average of 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 a housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the Township's housing region. This quotient represents the original 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% 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% 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% 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 are the result of applying the percentages set forth in Subsection **D(1)(a)** above to HUD's determination of median income for the fiscal year 2019 and shall be utilized until the Township 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 Township annually by taking the percentage increase of the income limits calculated pursuant to Subsection **D(1)(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.
 - (d) The resale prices of owner-occupied very-low-, 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 above methodology. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.
 - (e) 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 9% 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.
- (2) The maximum rent for restricted rental units within each affordable development shall be affordable to households earning no more than 60% of median income, and the average rent for restricted rental units shall be affordable to households earning no more than 52% of median income.
- (3) 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 very-low-income households, which very-low-income units shall be part of the low-income requirement.
- (4) The maximum sales price of restricted ownership units within each affordable development shall be affordable to households earning no more than 70% of median income, and each affordable development must achieve an affordability average of 55% for restricted ownership units; in achieving this affordability average, moderate-income ownership units must be available for at least three different sales prices for each bedroom type, and low-income ownership units must be available for at least two different sales prices for each bedroom type.
- (5) In determining the initial sales prices and rent levels for compliance with the affordability average requirements for restricted units other than assisted living facilities and age-restricted developments, the following standards shall be used:
 - (a) A studio 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.

- (6) In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted units in assisted living facilities and age-restricted developments, the following standards shall be used:
- (a) A studio 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 two-person household or to two one-person households.
 - (d) 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% of the purchase price and the Federal Reserve H.15 rate of interest), taxes, homeowner and private mortgage insurance and condominium or homeowner association fees do not exceed 28% of the eligible monthly income of the appropriate size household as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the price shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.
- (7) The initial rent for a restricted rental unit shall be calculated so as not to exceed 30% of the eligible monthly income of the appropriate size household, including an allowance for tenant paid utilities, as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the rent shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.
- (8) The price of owner-occupied very-low-, low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the Administrative Agent be lower than the last recorded purchase price.
- (9) The rents of very-low-, low- and moderate-income units may be increased annually based on the permitted percentage increase in the Housing Consumer Price Index for the Northeast Urban Area. This increase shall not exceed 9% in any one year. 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.

§ 120-16. Utilities.

- A. Affordable units shall utilize the same type of heating source as market units within an inclusionary development.
- B. Tenant-paid utilities included in the utility allowance shall be set forth in the lease and shall be consistent with the utility allowance approved by HUD for the Section 8 program.

§ 120-17. Occupancy standards.

In referring certified households to specific restricted units, the Administrative Agent shall, to the extent feasible and without causing an undue delay in the occupancy of a unit, strive to:

- A. Provide an occupant for each bedroom;
- B. Provide children of different sexes with separate bedrooms;
- C. Provide separate bedrooms for parents and children; and
- D. Prevent more than two persons from occupying a single bedroom.

§ 120-18. Control periods for restricted ownership units and enforcement mechanisms.

- A. Control periods for newly constructed restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.5, except as modified by the terms of the settlement agreement between the Township of Harmony and Fair Share Housing Center (FSHC), as said settlement agreement may be further amended and supplemented, and each newly constructed restricted ownership unit shall remain subject to the requirements of this chapter for a period of at least 30 years, until Harmony Township takes action to release the unit from such requirements; prior to such action, a restricted ownership unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, except as modified by the terms of the settlement agreement between the Township of Harmony and Fair Share Housing Center (FSHC), as said settlement agreement may be further amended and supplemented.
- B. The affordability control period for a restricted ownership unit shall commence on the date the initial certified household takes title to the unit.
- C. 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.
- D. At the time of the initial sale of the unit, the initial purchaser shall execute and deliver to the Administrative Agent a recapture note obligating the purchaser (as well as the purchaser's heirs, successors and assigns) to repay, upon the first nonexempt sale after the unit's release from the restrictions set forth in this chapter, an amount equal to the difference between the unit's nonrestricted

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.

- E. The affordability controls set forth in this chapter shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to restricted ownership units.
- F. A restricted ownership unit shall be required to obtain a continuing certificate of occupancy or a certified statement from the Construction Official stating that the unit meets all Code standards upon the first transfer of title following the removal of the restrictions provided under N.J.A.C. 5:80-26.5(a), as may be amended and supplemented.

§ 120-19. Price restrictions for restricted ownership units, homeowner association fees and resale prices.

Price restrictions for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, including:

- A. The initial purchase price for a restricted ownership unit shall be approved 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 foregoing standards.
- C. The master deeds of inclusionary developments shall provide no distinction between the condominium or homeowner association fees and special assessments paid by very-low-, low- and moderate-income purchasers and those paid by market purchasers.
- D. 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 approved capital improvements. Eligible capital improvements shall be those that render the unit suitable for a larger household or the addition of a bathroom. See § 120-22, Capital improvements to ownership units.

§ 120-20. Buyer income eligibility.

- A. Buyer income eligibility for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, such that low-income ownership units shall be reserved for households with a gross household income less than or equal to 50% of median income and moderate-income ownership units shall be reserved for households with a gross household income less than 80% of median income.
- B. Notwithstanding the foregoing, the Administrative Agent may, upon approval by the Township Committee, and subject to the Court'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.
- C. 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.
- D. 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, taxes, homeowner and private mortgage insurance and condominium or homeowner association fees, as applicable) does not exceed 33% of the household's eligible monthly income.

§ 120-21. Limitations on indebtedness secured by ownership unit; subordination.

- A. 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.
- B. With the exception of first purchase money mortgages, neither an owner nor a lender shall at any time cause or permit the total indebtedness secured by a restricted ownership unit to exceed 95% of the maximum allowable resale price of the unit, as such price is determined by the Administrative Agent in accordance with N.J.A.C. 5:80-26.6(b).

§ 120-22. Capital improvements to ownership units.

- A. 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 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. In no event shall the maximum sales price of an improved housing unit exceed the limits of affordability for the larger household.

- B. 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. 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, which shall be subject to ten-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 owner 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.

§ 120-23. Control periods for restricted rental units.

- A. Control periods for newly constructed restricted rental units shall be in accordance with N.J.A.C. 5:80-26.11, except as modified by the terms of the settlement agreement between the Township of Harmony and Fair Share Housing Center (FSHC), as such settlement agreement may be further amended and supplemented, and each newly constructed restricted rental unit shall remain subject to the requirements of this chapter for a period of at least 30 years, until Harmony Township takes action to release the unit from such requirements. Prior to such action, a restricted rental unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, except as modified by the terms of the settlement agreement between the Township of Harmony and Fair Share Housing Center (FSHC), as such settlement agreement may be further amended and supplemented.
- B. 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, and the deed restriction shall be filed by the developer or seller with the records office of the County of Warren. The deed shall also identify each affordable unit by apartment number and/or address and whether that unit is designated as a very-low-, low- or moderate-income unit. Neither the unit nor its affordability designation shall change throughout the term of the deed restriction. A copy of the filed document shall be provided to the Administrative Agent within 30 days of the receipt of a certificate of occupancy.
- C. A restricted rental unit shall remain subject to the affordability controls of this chapter despite the occurrence of any of the following events:
- (1) Sublease or assignment of the lease of the unit;
 - (2) Sale or other voluntary transfer of the ownership of the unit; or
 - (3) The entry and enforcement of any judgment of foreclosure on the property containing the unit.

§ 120-24. Rent restrictions for rental units; leases.

- A. A written lease shall be required for all restricted rental units 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 provided to the Administrative Agent.
- B. No additional fees 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.
- C. Application fees (including the charge for any credit check) shall not exceed 5% of the monthly rent of the applicable restricted unit and shall be payable to the Administrative Agent to be applied to the costs of administering the controls applicable to the unit as set forth in this chapter.
- D. No rent control ordinance or other pricing restriction shall be applicable to either the market units or the affordable units in any development in which at least 15% of the total number of dwelling units are restricted rental units in compliance with this chapter.

§ 120-25. 100% affordable projects.

All 100% affordable projects, including projects funded through low-income housing tax credits, shall comply with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et seq., except as modified by the terms of the settlement agreement executed between the Township of Harmony and Fair Share Housing Center (FSHC), as such settlement agreement may be further amended and supplemented. All such projects shall be required to have an initial thirty-year affordability control period plus a fifteen-year extended use period.

§ 120-26. Tenant income eligibility.

- A. Tenant income eligibility shall be in accordance with N.J.A.C. 5:80-26.13, as may be amended and supplemented, and shall be determined as follows:
- (1) 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 household income by household size.

- (2) Low-income rental units shall be reserved for households with a gross household income less than or equal to 50% of the regional median household income by household size.
 - (3) Moderate-income rental units shall be reserved for households with a gross household income less than 80% of the regional median household income by household size.
- B. The Administrative Agent shall certify a household as eligible for a restricted rental unit when the household is a very-low-income household, low-income household or a 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. 5:80-26.16, as may be amended and supplemented; provided, however, that this limit may be exceeded if one or more of the following circumstances exists:
- (1) 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;
 - (2) 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;
 - (3) The household is currently in substandard or overcrowded living conditions;
 - (4) The household documents the existence of assets with which the household proposes to supplement the rent payments; or
 - (5) 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.
- C. The applicant shall file documentation sufficient to establish the existence of the circumstances in Subsections **A** through **B(5)** above with the Administrative Agent, who shall counsel the household on budgeting.

§ 120-27. Municipal Housing Liaison.

- A. There is hereby created the position of Municipal Housing Liaison. The Municipal Housing Liaison shall be responsible for oversight and administration of the affordable housing program for Harmony Township, including the following responsibilities which may not be contracted out to the Administrative Agent:
- (1) Serving as Harmony Township's primary point of contact for all inquiries from the State, affordable housing providers, Administrative Agents and interested households;
 - (2) Monitoring the status of all restricted units in Harmony Township's Fair Share Plan;
 - (3) Compiling, verifying, submitting and posting all monitoring reports as required by the Court and by this chapter;
 - (4) Coordinating meetings with affordable housing providers and Administrative Agents, as needed; and
 - (5) Attending continuing education opportunities on affordability controls, compliance monitoring and affirmative marketing at least annually and more often as needed.
- B. The Township of Harmony shall appoint a specific municipal employee to serve as a Municipal Housing Liaison responsible for overseeing the Township's affordable housing program, including overseeing the administration of affordability controls on the affordable units and the affirmative marketing of available affordable units in accordance with the Township's Affirmative Marketing Plan; fulfilling monitoring and reporting requirements; and supervising Administrative Agent(s). Harmony Township shall adopt a resolution appointing the person to fulfill the position of Municipal Housing Liaison. The Municipal Housing Liaison shall be appointed by the governing body and may be a full or part time municipal employee.
- C. Subject to the approval of the Court, the Township of Harmony shall designate one or more Administrative Agent(s) to administer and to affirmatively market the affordable units constructed in the Township in accordance with this chapter and UHAC. An Operating Manual for each affordable housing program shall be provided by the administrative agent(s) to be adopted by resolution of the governing body and subject to approval of the court. The Operating Manual(s) shall be available for public inspection in the office of the Township Clerk, in the office of the municipal housing liaison, and in the office(s) of the administrative agent(s). The Municipal Housing Liaison shall supervise the work of the Administrative Agent(s).

§ 120-28. Administrative Agent.

An Administrative Agent may either be an independent entity serving under contract to and reporting to the municipality, or the municipality itself, through a designated municipal employee, department, board, agency or committee, pursuant to N.J.A.C. 5:80-26.14(c). The fees of the Administrative Agent shall be paid by the owners of the affordable units for which the services of the Administrative Agent are required. The Administrative Agent shall be qualified through a training program sponsored by the Affordable Housing Professionals of New Jersey before assuming the duties. The Administrative Agent shall perform the duties and responsibilities of an Administrative Agent as set forth in UHAC, including those set forth in Sections 5:80-26.14, 16 and 18 thereof, which includes:

- A. Affirmative marketing:
- (1) Conducting an outreach process to affirmatively market affordable housing units in accordance with the Affirmative Marketing Plan of the Township of Harmony and the provisions of N.J.A.C. 5:80-26.15; and

- (2) Providing counseling or contracting to provide counseling services to very-low-, low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.

B. Household certification:

- (1) Soliciting, scheduling, conducting and following up on interviews with interested households;
- (2) 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;
- (3) Providing written notification to each applicant as to the determination of eligibility or noneligibility;
- (4) 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 Appendices J and K of N.J.A.C. 5:80-26.1 et seq.;
- (5) 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;
- (6) Employing a random selection process as provided in the Affirmative Marketing Plan of the Township of Harmony when referring households for certification to affordable units; and
- (7) Notifying the following entities of the availability of affordable housing units in the Township of Harmony: Fair Share Housing Center, the New Jersey State Conference of the NAACP, the New Brunswick, Plainfield Area, Perth Amboy, Warren/Sussex, and Metuchen/Edison branches of the NAACP, the Latino Action Network, NORWESCAP, the Supportive Housing Association, and the Central Jersey Housing Resource Center.

C. Affordability controls:

- (1) Furnishing to attorneys or closing agents forms of deed restrictions and mortgages for recording at the time of conveyance of title of each restricted unit;
- (2) Creating and maintaining a file on each restricted unit for its control period, including the recorded deed with restrictions, recorded mortgage and note, as appropriate;
- (3) Ensuring that the removal of the deed restrictions and cancellation of the mortgage note are effectuated and properly filed with the Warren County Register of Deeds or Warren County Clerk's office after the termination of the affordability controls for each restricted unit;
- (4) Communicating with lenders regarding foreclosures; and
- (5) Ensuring the issuance of continuing certificates of occupancy or certifications pursuant to N.J.A.C. 5:80-26.10.

D. Resales and rentals:

- (1) Instituting and maintaining an effective means of communicating information between owners and the Administrative Agent regarding the availability of restricted units for resale or rental; and
- (2) Instituting and maintaining an effective means of communicating information to low- (or very-low-) and moderate-income households regarding the availability of restricted units for resale or rental.

E. Processing requests from unit owners:

- (1) Reviewing and approving requests for determination from owners of restricted units who wish to take out home equity loans or refinance during the term of their ownership that the amount of indebtedness to be incurred will not violate the terms of this chapter;
- (2) 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;
- (3) Notifying the municipality of an owner's intent to sell a restricted unit; and
- (4) Making determinations on requests by owners of restricted units for hardship waivers.

F. Enforcement:

- (1) Securing annually from the municipality a list of all affordable housing units for which tax bills are mailed to absentee owners, and notifying all such owners that they must either move back to their unit or sell it;
- (2) 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;
- (3) Posting annually, in all rental properties (including two-family homes), a notice as to the maximum permitted rent together with the telephone number of the Administrative Agent where complaints of excess rent or other charges can be made;
- (4) Sending annual mailings to all owners of affordable dwelling units, reminding them of the notices and requirements outlined in N.J.A.C. 5:80-26.18(d)4;
- (5) Establishing a program for diverting unlawful rent payments to the municipality's Affordable Housing Trust Fund; and

- (6) Creating and publishing a written operating manual for each affordable housing program administered by the Administrative Agent, to be approved by the Township Committee and the Court, setting forth procedures for administering the affordability controls. The operating manual(s) shall be available for public inspection in the office of the Township Clerk, in the office of the Municipal Housing Liaison, and in the office(s) of the Administrative Agent(s).

G. Additional responsibilities:

- (1) The Administrative Agent shall have the authority to take all actions necessary and appropriate to carry out its responsibilities hereunder.
- (2) The Administrative Agent shall prepare monitoring reports for submission to the Municipal Housing Liaison in time to meet the Court-approved monitoring and reporting requirements in accordance with the deadlines set forth in this chapter.
- (3) The Administrative Agent shall attend continuing education sessions on affordability controls, compliance monitoring, and affirmative marketing at least annually and more often as needed.

§ 120-29. Affirmative marketing requirements.

- A. The Township of Harmony shall adopt by resolution an Affirmative Marketing Plan, subject to approval of the Court, that is compliant with N.J.A.C. 5:80-26.15, as may be amended and supplemented.
- B. 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 marketing activities toward Housing Region 2 and is required to be followed throughout the period of restriction.
- C. The Affirmative Marketing Plan shall provide a regional preference for all households that live and/or work in Housing Region 2, comprised of Essex, Morris, Union and Warren Counties.
- D. The municipality has the ultimate responsibility for adopting the Affirmative Marketing Plan and for the proper administration of the Affirmative Marketing Program, including initial sales and rentals and resales and rerentals. The Administrative Agent designated by the Township of Harmony shall implement the Affirmative Marketing Plan to assure the affirmative marketing of all affordable units.
- E. In implementing the Affirmative Marketing Plan, the Administrative Agent shall provide a list of counseling services to very-low-, low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.
- F. The Affirmative Marketing Plan shall describe the media to be used in advertising and publicizing the availability of housing. In implementing the Affirmative Marketing Plan, the Administrative Agent shall consider the use of language translations where appropriate.
- G. The affirmative marketing process for available affordable units shall begin at least four months (120 days) prior to the expected date of occupancy.
- H. Applications for affordable housing 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 the municipal library in the municipality in which the units are located; and the developer's rental office. Applications shall be mailed to prospective applicants upon request.
- I. In addition to other affirmative marketing strategies, the Administrative Agent shall provide specific notice of the availability of affordable housing units in Harmony Township, and copies of the application forms, to the following entities: Fair Share Housing Center, the New Jersey State Conference of the NAACP, the New Brunswick, Plainfield Area, Perth Amboy, Warren/Sussex, and Metuchen/Edison branches of the NAACP, the Latino Action Network, NORWESCAP, the Supportive Housing Association, and the Central Jersey Housing Resource Center.
- J. The costs of advertising and affirmative marketing of the affordable units shall be the responsibility of the developer, sponsor or owner.

§ 120-30. Enforcement of affordable housing regulations.

- A. Upon the occurrence of a breach of any of the regulations governing an 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, a requirement for household recertification, acceleration of all sums due under a mortgage, recuperation of any funds from a sale in violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.
- B. After providing written notice of a violation to an owner, developer or tenant of a low- or moderate-income unit and advising the owner, developer or tenant of the penalties for such violations, the municipality may take the following action(s) against the owner, developer or tenant for any violation that remains uncured for a period of 60 days after service of the written notice:

- (1) 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 adjudged 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:
 - (a) A fine of not more than \$500 per day or imprisonment for a period not to exceed 90 days, or both, 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;
 - (b) In the case of an owner who has rented a very-low-, low- or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Township of Harmony Affordable Housing Trust Fund of the gross amount of rent illegally collected;
 - (c) In the case of an owner who has rented a very-low-, low- or moderate-income unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the Court.
- (2) The municipality may file a court action in the Superior Court seeking a judgment that would result in the termination of the owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any such 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) The 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- and moderate-income 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 his right to possession terminated as well as his 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 very-low-, low- and 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, 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 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 by the municipality due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as the same apply to the very-low-, 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 very-low-, low- and 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 maximum resale price for which the very-low-, low- and moderate-income 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 which would have been realized from an actual sale as previously described.
 - (e) Failure of the very-low-, low- and 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 maximum resale price of the very-low-, low- and moderate-income unit as permitted by the regulations governing affordable housing units.
 - (f) The 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.

§ 120-31. Appeals.

Appeals from all decisions of an Administrative Agent appointed pursuant to this chapter shall be filed in writing with the Court.

Appendix D: Draft Affordable Housing Resolutions and Ordinances to be
Adopted (with Map of Overlay Zone)

O-25-**AN ORDINANCE BY THE TOWNSHIP OF HARMONY, COUNTY OF WARREN AND STATE OF NEW JERSEY, ESTABLISHING AFFORDABLE HOUSING FOURTH ROUND OVERLAY ZONE**

WHEREAS, the passage of P.L. 2024, c2 by the New Jersey State Legislature established procedures and requirements for the fourth round of affordable housing obligations pursuant to the State's Fair Housing Act; and

WHEREAS, all municipalities in the State are required, pursuant to the procedures established above, to adopt an updated Housing Element and Fair Share Plan, with all required components pursuant to the State's Fair Housing Act, to reflect their respective municipalities' plans to satisfy their fair share of regional need for and moderate-income housing, by no later than June 30; and

WHEREAS, the Township of Harmony Land Use Board has adopted an updated Housing Element and Fair Share Plan as an amendment to the Township Master Plan at its regular meeting held on June __, 2025; and

WHEREAS, the adopted Housing Element and Fair Share Plan proposes the establishment of an Affordable Housing Fourth Round overlay zone comprising Block 38, Lot 11 within the Township as the preferred mechanism for compliance with the Township's affordable housing obligation for the fourth round; and

WHEREAS, all municipalities in the State are required, pursuant to the procedures established above, to adopt ordinances to effectuate the provisions of their updated Housing Element and Fair Share Plans by March 30, 2026; and;

WHEREAS, the Township of Harmony remains in compliance with all required actions to retain substantive certification status for its existing Housing Element and Fair Share Plan and wishes to maintain this status for all future rounds.

NOW, THEREFORE, BE IT ORDAINED, by the Township Committee, Township of Harmony, County of Warren, State of New Jersey that Chapter 525, entitled "Harmony Township Zoning Ordinance of 1979," shall be amended as follows:

1. Article II, "Use Regulations" shall be amended to include new chapter 525-13.1 as follows:

§ 525-13.1 AH-4 Affordable Housing Fourth Round Zone

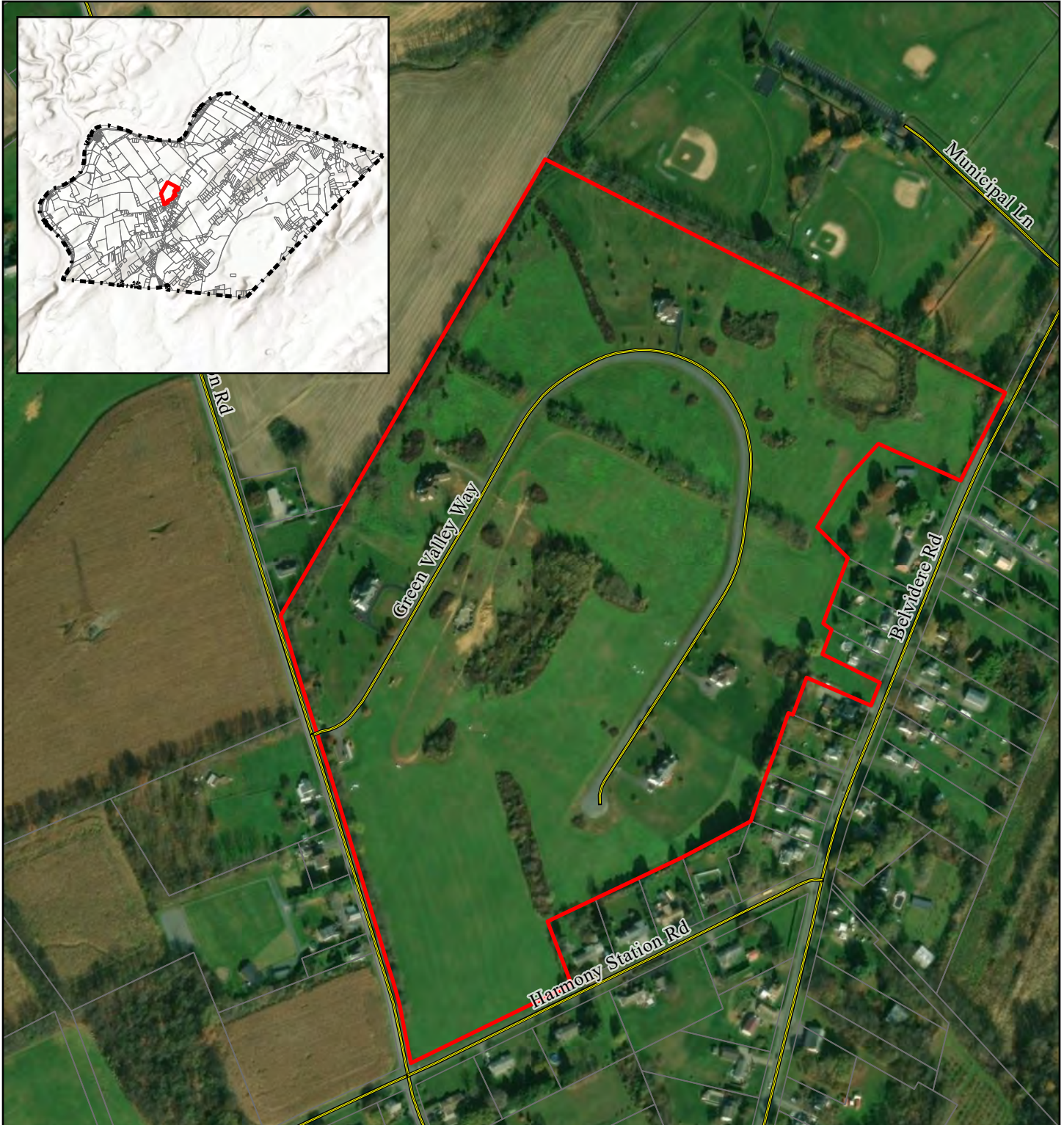
- A. Purpose: The purpose of the AH-4 Affordable Housing Fourth Round Overlay Zone is to provide mechanisms for addressing the Township's affordable housing obligation consistent with the adopted Housing Element and Fair Share Plan dated June __, 2025. The overlay zone permits inclusionary residential development with an affordable set aside agreed on between the Township and developer within a portion of the AR-250 Zone north the crossroads of Harmony Station Road and Garrison Road, subject to the expansion of water and sewer and subject to distribution of dwelling types outlined in the Housing Element and Fair Share Plan. The underlying zoning remains in effect and any use permitted in the underlying zones continues to be permitted. The properties subject to the AH-4 Affordable Housing Fourth Round Overlay Zone shall include Block 38, Lot 11 only.
 - B. Permitted principal uses: Planned inclusionary residential development.
 - C. Permitted accessory uses:
 - (1) Signs in accordance with Article VI
 - (2) Off-street parking
 - (3) Open space and recreational areas for public use
 - (4) Any use which is customary and incidental to the principal permitted use
 - D. Bulk Standards: Bulk standards shall be determined prior to the approval of a planned residential development sufficient to satisfy the Township's obligations as detailed in the Housing Element and Fair Share Plan, taking into consideration all factors of area, height, setbacks, impervious coverage, density and other factors appropriate for the protection of the health, safety, and welfare of the Township.
 - E. Parking standards shall be subject to the Residential Site Improvement Standards (RSIS) (N.J.A.C. 5:21).
2. The bulk schedule attached to Article III, "Area, Yard, and Bulk Regulations" is hereby amended to include a zone district called "AH-4," with planned inclusionary residential development as a permitted use and a referral to § 525-13.1 E for all requirements therein.
 3. The zoning map in the zoning ordinance of the Township is hereby amended to depict an overlay zone called the "Affordable Housing Fourth Round Overlay Zone," with a boundary of Block 38, Lot 11 only.

4. The Harmony Township Committee hereby directs the Municipal Attorney to attach this Ordinance as an exhibit to the declaratory judgment action that is filed in Warren County and to submit and/or file this resolution with the Affordable Housing Dispute Resolution Program, or any other such entity as may be determined to be appropriate, within 48 hours of the adoption of this ordinance.
5. All Ordinances or parts of Ordinances inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency.
6. If any section, paragraph, subsection, clause, or provision of this ordinance shall be adjudged by a court of competent jurisdiction to be invalid, such adjudication shall apply only to the section, paragraph, subsection, clause, or provision so adjudged, and the remainder of this ordinance shall be deemed valid and effective.
7. This Ordinance shall take effect upon final passage and publication in accordance with New Jersey law.

I, Kelley D. Smith, Municipal Clerk of the Township of Harmony, do hereby certify the foregoing to be a true copy of an Ordinance adopted by the Harmony Township Committee at a meeting held on June ____, 2026.

Kelley D. Smith
Municipal Clerk

Proposed AH-4 Affordable Overlay Zone Harmony Township



- Harmony Township
- Parcels
- Proposed AH-4 Affordable Overlay Zone
- Roads



0 212.5 425 850 Feet

Van Cleef
ENGINEERING WITH FOCUS

Sources: NJGIN, ModIV Data,
NJDOT, U.S.G.S., Esri

June 2025

Appendix E: Affordable Housing Affirmative Marketing Plan

**RESOLUTION
OF THE TOWNSHIP COMMITTEE OF THE
TOWNSHIP OF HARMONY, COUNTY OF WARREN
STATE OF NEW JERSEY
Resolution 10-33**

**ADOPTING THE 'AFFIRMATIVE MARKETING PLAN'
FOR THE TOWNSHIP OF HARMONY**

WHEREAS, in accordance with the regulations of COAH pursuant to N.J.A.C. 5:97-1, *et seq.*, and the New Jersey Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26-1, *et seq.*, the Township of Harmony is required to adopt by resolution an Affirmative Marketing Plan to ensure that all affordable housing units created, including those created by the rehabilitation of rental housing units within the Township of Harmony, are affirmatively marketed to low and moderate income households, particularly those living and/or working within Housing Region 2, the COAH Housing Region encompassing the Township of Harmony.

NOW, THEREFORE, BE IT RESOLVED, that the Township Committee of the Township of Harmony, County of Warren, State of New Jersey, do hereby adopt the following Affirmative Marketing Plan:

Affirmative Marketing Plan

- A. All affordable housing units in the Township of Harmony shall be marketed in accordance with the provisions herein unless otherwise provided in COAH's Rules at N.J.A.C. 5:97-1, *et seq.*
- B. The Township of Harmony has a prior round obligation that it has partially fulfilled and will be completing in accordance with the adopted 2010 Housing Element and Fair Share Plan. In addition, the Township has a third round growth share obligation which it will also be fulfilling in accordance with the adopted 2010 Housing Element and Fair Share Plan. This Affirmative Marketing Plan shall apply to all developments that contain or will contain low and moderate income units, including those that fulfill the prior round obligation as well as the third round growth share obligation and those that may be constructed in the future that are not currently anticipated. This Affirmative Marketing Plan shall also apply to any previously rehabilitated rental units that are vacated and re-rented during the applicable period of controls for rehabilitated rental units.
- C. The Affirmative Marketing Plan shall be implemented by one or more Administrative Agent(s) designated by and/or under contract to the Township of Harmony. However, all of the costs of advertising and affirmatively marketing affordable housing units shall be borne by the developer/seller/owner of the affordable unit(s).

- D. In implementing the Affirmative Marketing Plan, the applicable Administrative Agent, acting on behalf of the Township of Harmony, shall undertake all of the following strategies:
1. Publication of one advertisement in a newspaper of general circulation within the housing region.
 2. Broadcast of one advertisement by a radio or television station broadcasting throughout the housing region.
 3. At least one additional regional marketing strategy using one of the other sources listed below.
- E. 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 or sponsor of affordable housing. The Affirmative Marketing Plan is also 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 the COAH Housing Region in which the municipality is located and covers the entire period of the deed restriction for each restricted housing unit. The Township of Harmony is located in COAH Housing Region 2, consisting of Morris, Essex, Union and Warren Counties.
- F. The Affirmative Marketing Plan is a continuing program intended to be followed throughout the entire period of restrictions and shall meet the following requirements:
1. All newspaper articles, announcements and requests for applications for low and moderate income units shall appear in the Star Ledger, the Daily Record and the Express Times.
 2. The primary marketing shall take the form of at least one press release and a paid display advertisement in the above newspapers once a week for four consecutive weeks. Additional advertising and publicity shall be on an "as needed" basis. The developer/owner shall disseminate all public service announcements and pay for display advertisements. The developer/owner shall provide proof of publication to the Administrative Agent. All press releases and advertisements shall be approved in advance by the Administrative Agent.
 3. The advertisement shall include a description of the:
 - a. Location of the units;
 - b. Directions to the units;

- c. Range of prices for the units;
 - d. Size, as measured in bedrooms, of units;
 - e. Maximum income permitted to qualify for the units;
 - f. Location of applications;
 - g. Business hours when interested households may obtain an application; and
 - h. Application fees.
- 4. Newspaper articles, announcements and information on where to request applications for low and moderate income housing shall appear at least once a week for four consecutive weeks in at least three locally oriented weekly newspapers within the region, one of which shall be circulated primarily in Warren County and the other two of which shall be circulated primarily outside of Warren County but within the housing region.
- 5. The following regional cable television stations or regional radio stations shall be used during the first month of advertising. The developer must provide satisfactory proof of public dissemination:
 - a. Cablevision of Morris
 - b. Comcast of NJ
 - c. Comcast of Northwest NJ
 - d. WCAA 105.9
 - e. WBLS 107.5
 - f. WPRB 103.3
- G. Applications, brochure(s), sign(s) and/or poster(s) used as part of the affirmative marketing program shall be available/posted in the following locations:
 - 1. Harmony Township Municipal Building
 - 2. Harmony Township Web Site (if applicable)
 - 3. Developer's Sales/Rental Offices
 - 4. Morris County Administration Building

5. Essex County Administration Building
6. Union County Administration Building
7. Warren County Administration Building
8. Morris County Library (all branches)
9. Essex County Library (all branches)
10. Union County Library (all branches)
11. Warren County Library (all branches)

Applications shall be mailed by the Administrative Agent and Municipal Housing Liaison to prospective applicants upon request. Also, applications shall be available at the developer's sales/rental office and shall be mailed to prospective applicants upon request.

- H. The Administrative Agent shall develop, maintain and update a list of community contact person(s) and/or organizations(s) in Morris, Essex, Union and Warren Counties that will aid in the affirmative marketing program with particular emphasis on contacts that will reach out to groups that are least likely to apply for housing within the region, including major regional employers identified in Attachment A, Part III, Marketing, Section 3d of COAH's *Affirmative Fair Housing Marketing Plan for Affordable Housing in Region 2* (attached to and hereby made part of this Resolution).

1. Quarterly informational flyers and applications shall be sent to each of the following agencies for publication in their journals and for circulation among their members:

Morris County Board of Realtors
 Essex County Board of Realtors
 Union County Board of Realtors
 Warren County Board of Realtors

2. Quarterly informational circulars and applications shall be sent to the administrators of each of the following agencies within the counties of Morris, Essex, Union and Warren:

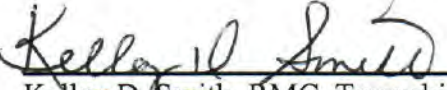
Welfare or Social Service Board (via the Director)
 Rental Assistance Office (local office of DCA)
 Office on Aging
 Housing Authority (municipal or county)
 Community Action Agencies
 Community Development Departments

3. Quarterly informational circulars and applications shall be sent to the chief personnel administrators of all of the major employers within the region, as listed on Attachment A, Part III, Marketing, Section 3d.
- I. The following is a listing of community contact person(s) and/or organizations in Morris, Essex, Union and Warren Counties that will aid in the affirmative marketing program and provide guidance and counseling services to prospective occupants of low and moderate income units:
 1. Housing Partnership for Morris County, 2 East Blackwell Street, Dover, NJ 07801
 2. Community Access Unlimited, Inc., 80 West Grand Street, Elizabeth, NJ 07202
 3. Northwest New Jersey Community Action Program, Inc. (NORWESCAP), 350 Marshall Street, Phillipsburg, NJ 08865
 - J. A random selection method to select occupants of low and moderate income housing will be used by the Administrative Agent, in conformance with N.J.A.C. 5:80-26.16 (l). The Affirmative Marketing Plan shall provide a regional preference for all households that live and/or work in COAH Housing Region 2 comprised of Morris, Essex, Union and Warren Counties.
 - J. The Administrative Agent shall administer the Affirmative Marketing Plan. The Administrative Agent has the responsibility to income qualify low and moderate income households; to place income eligible households in low and moderate income units upon initial occupancy; to provide for the initial occupancy of low and moderate income units with income qualified households; to continue to qualify households for re-occupancy of units as they become vacant during the period of affordability controls; to assist with outreach to low and moderate income households; and to enforce the terms of the deed restriction and mortgage loan as per N.J.A.C 5:80-26-1, *et seq.*
 - K. The Administrative Agent shall provide or direct qualified low and moderate income applicants to counseling services on subjects such as budgeting, credit issues, mortgage qualifications, rental lease requirements and landlord/tenant law and shall develop, maintain and update a list of entities and lenders willing and able to perform such services.
 - L. All developers/owners of low and moderate income housing units shall be required to undertake and pay the costs of the marketing of the affordable units in their respective developments, subject to the direction and supervision of the Administrative Agent.
 - M. The implementation of the Affirmative Marketing Plan for a development that includes affordable housing shall commence at least 120 days before the issuance of either a temporary or permanent certificate of occupancy. The implementation of the Affirmative

Marketing Plan shall continue until all low income housing units are initially occupied and for as long as affordable units exist that remain deed restricted and for which the occupancy or reoccupancy of units continues to be necessary.

- N. The Administrative Agent shall provide the Affordable Housing Liaison with the information required to comply with monitoring and reporting requirements pursuant to N.J.A.C.5:80-26-1, *et seq.*

I hereby certify that this is a true copy of a resolution duly adopted by the Township Committee of the Township of Harmony at a meeting held on June 7, 2010.


Kelley D. Smith, RMC, Township Clerk

Appendix F: Affordable Housing Trust Fund Spending Plan

TOWNSHIP OF HARMONY

AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

DECEMBER 2, 2019

Township of Harmony

Warren County, New Jersey

Prepared By:



Heyer, Gruel & Associates
Community Planning Consultants
236 Broad Street, Red Bank, NJ 07701
(732) 741-2900

The original of this report was signed and
sealed in accordance with N.J.S.A. 45:14A-12

A handwritten signature in black ink, reading 'Susan S. Gruel'.

Susan S. Gruel, P.P. #1955

A handwritten signature in black ink, reading 'M. McKinley Mertz'.

M. McKinley Mertz, AICP, P.P. #6368

A handwritten signature in black ink, reading 'Elena Gable'.

Elena Gable, AICP, P.P. #6356

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

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Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

INTRODUCTION

The Township of Harmony in Warren County has prepared a Housing Element and Fair Share Plan ("HEFSP") that addresses its regional fair share of the affordable housing need in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301). The HEFSP was adopted by the Land Use Board on November 6, 2019. The Township has prepared an amended development fee ordinance to replace their current ordinance that was adopted in 2011. The original development fee ordinance that was adopted in 2008 created a dedicated revenue source for affordable housing and established the Harmony Affordable Housing Trust Fund. The amended development fee ordinance (anticipated to be adopted on December 3, 2019) updates the ordinance to current standards.

As of January 1, 2019, the audited balance of the Township's trust fund was \$284,263.91. 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 this separate, interest-bearing affordable housing trust fund for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:93, or applicable regulations, as described in the sections that follow.

In accordance with the October 17, 2018 agreement with Fair Share Housing Center ("FSHC"), the expenditures of funds contemplated under the FSHC agreement constitute a "commitment" for expenditure pursuant to N.J.S.A. 52:27D-329.2 and -329.3, with the four-year time period for expenditure designated pursuant to those provisions beginning to run with the entry of a final judgment approving this settlement in accordance with the provisions of *In re Tp. Of Monroe*, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). On the first anniversary of the Court's approval of this Spending Plan, and on every anniversary of that date thereafter through July 1, 2025, the Township will provide annual reporting of trust fund activity to the New Jersey Department of Community Affairs ("DCA"), the Council on Affordable Housing ("COAH"), or Local Government Services ("LGS"), or other entity designated by the State of New Jersey, with a copy provided to FSHC and posted on the municipal website, using forms developed for this purpose by DCA, COAH, or LGS. The reporting shall include an accounting of all housing trust fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

This Spending Plan is submitted to the Superior Court of New Jersey for approval to expend all current and future affordable housing trust fund monies, as necessary.

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of third round "substantive certification," the Township of Harmony considered the following:

(a) Development fees:

1. Residential and nonresidential 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.

(b) Payment in lieu (PIL):

Actual and committed payments in lieu (PIL) of construction from developers.

(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, proceeds from the sale of affordable units.

In addition to the funding sources listed above, the Township also supplements the Trust Fund account with monies from its general budget.

(d) Projected interest:

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

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

Projected Revenues

Projected Revenues-Housing Trust Fund - 2019 - 2025									
SOURCE OF FUNDS	Trust Fund balance as of 01/01/2019	2019	2020	2021	2022	2023	2024	2025	Total Revenue
Historical Balance	\$284,263.91								\$284,263.91
(a) Projected Development Fees	-	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$49,000
(c) Contribution from Township		\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$350,000
(d) Interest	-	\$257	\$257	\$257	\$257	\$257	\$257	\$257	\$1,796
Total	\$284,263.91	\$57,257	\$57,257	\$57,257	\$57,257	\$57,257	\$57,257	\$57,257	\$685,059

To calculate the projection of revenue anticipated from the general development fees, roughly 11 years (2008 through August 2019) of construction data for the Township, acquired from the New Jersey Department of Community Affairs, was examined. Additionally, the previous transactions within the Affordable Housing Trust Fund were reviewed. As previously mentioned, the Township also contributes \$50,000 a year to the Trust Fund.

The Township therefore projects a total of \$49,000 will be collected between January 1, 2019 and December 31, 2025. An additional **\$350,000 from the Township's contribution** and \$1,796 in interest is projected to be earned. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. In conjunction with the existing trust fund balance of \$284,263.91, the Township projects total trust fund revenues and interest of \$685,059.41 through December 31, 2025.

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by the Township of Harmony:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Harmony's development fee ordinance for both residential and non-residential developments and in accordance with N.J.S.A. 40:55D8-1 through 8.7.

(b) Distribution of development fee revenues:

The Administrative Agent and the Municipal Housing Liaison will manage the projects outlined in this Spending Plan and the Housing Element and Fair Share Plan.

(c) Collection and distribution of barrier free funds:

Collection and distribution of barrier free funds shall be consistent with the Township's Affordable Housing Ordinance (Chapter 225 of the Township's **Revised General Code**) and in accordance with applicable regulations. A process describing the collection and distribution procedures for barrier free escrow is detailed within the Township's Affordable Housing Ordinance.

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

The following represent the anticipated affordable housing projects within the Township of Harmony that will utilize Trust Fund monies.

(a) Accessory Apartment Program

Harmony will dedicate \$225,000 to the Accessory Apartment Program. Pursuant to the Township's established program, a minimum of \$20,000 per unit will be provided to subsidize the creation of each moderate-income accessory apartment and a minimum of \$25,000 per unit will be provided to subsidize the creation of each low-income accessory apartment. The current program is set up to subsidize up to 10 accessory apartments.

(b) Purchase of land

The Township has historically purchased properties to be developed with affordable housing through non-profit affordable housing entities such as Habitat for Humanity (see the Housing Element and Fair Plan for more details on these properties). The Township will continue to dedicate excess funds from their Affordable Housing Trust Fund to purchase land should it become available for the development of additional affordable housing.

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

Affordability Assistance (N.J.A.C. 5:93-8.16)

Projected minimum affordability assistance requirement:

Affordability Assistance		
Actual audited balance through 1/1/2019		\$284,264.91
Projected development fees 2019-2025	+	\$49,000
Project Township Contribution 2019-2025	+	\$350,000
Projected interest 2019-2025	+	\$1,796
Total	=	\$685,059
30 percent requirement	x 0.30 =	\$205,518
PROJECTED MINIMUM Affordability Assistance Requirement 06/04/2019 through 12/31/2025	=	\$205,518
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 06/04/2019 through 12/31/2025	÷ 3 =	\$68,506

As per the requirements regarding the use of funds for affordability assistance laid out in N.J.A.C. 5:93-8.16, the Township is required to dedicate at least 30 percent of all development fees collected and interest earned to provide affordability assistance to low-, and moderate-income households. In addition, at least one-third of the affordability assistance shall be used to provide affordability assistance to very-low income households. The Township, therefore, will dedicate at least \$205,518 from the affordable housing trust fund to render units more affordable, including \$68,506 to render units more affordable to households earning 30 percent or less of median income by region.

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

Administrative Expenses (N.J.A.C. 5:93-8.16)

Administrative Expenses		
Actual development fees and interest earned through 01/01/2019		\$284,264
Projected development fees 2019-2025	+	\$49,000
Projected Township Contribution 2019-2025	+	\$350,000
Projected interest 2019-2025	+	\$1,796
Total	=	\$658,059
20 percent cap	x 0.20 =	\$137,012

No more than 20% of revenues collected from development fees shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop and implement: a rehabilitation program; a new construction program; a housing element; and an affirmative marketing program. Administrative funds may be used for: income qualification of households; monitoring the turnover of sale and rental units; and compliance with monitoring requirements.

Moving forward, the Township projects that \$137,012 will be available from the affordable housing trust fund to be used for administrative purposes, including but not limited to:

- Administration and expenses associated with Township's **affordable housing units**.
- Expenses associated with the preparation and implementation of the Housing and Fair Share Plan and monitoring of the current and future housing programs for the Township of Harmony.

Legal or other fees related to litigation opposing affordable housing sites are not eligible uses of the affordable housing trust fund.

Harmony Township
Warren County, New Jersey

December 2, 2019
Affordable Housing Trust Fund Spending Plan

SUMMARY

The Township of Harmony intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:93 and consistent with the housing programs outlined in its adopted Housing Element and Fair Share Plan.

As of January 1, 2019, the Township's trust fund has an audited balance of \$284,264. Harmony anticipates an additional \$326,463 in revenues and interest by December 31, 2025. The Township will dedicate \$225,000 to its Accessory Apartment Program, \$205,518 to render units more affordable, \$137,012 to administrative costs, and the remaining balance of \$117,529 to the purchase of additional available land.

SPENDING PLAN SUMMARY	
Audited Balance as of January 1, 2019	\$284,263.91
Projected REVENUE June 1, 2019 to December 31, 2025	
Development fees	+ \$49,000
Payments in lieu of construction	+ \$0
Other Funds/Township Contribution	+ \$350,000
Interest	+ \$1,796
TOTAL REVENUE + CURRENT BALANCE	= \$685,059
EXPENDITURES	
Funds used for Accessory Apartment Program and property to be used and developed with affordable housing	- \$342,530
Affordability Assistance	- \$205,518
Administration	- \$137,012
Excess Funds for Additional Housing Activity	= \$0
TOTAL PROJECTED EXPENDITURES	= \$685,059
REMAINING BALANCE	= \$0

Appendix G: Resolution Appointing Municipal Housing Liaison


Harmony Township
Warren County, New Jersey
R:25-12

WHEREAS, pursuant to P.L. 2024, c.2, Harmony Township is required to appoint a Municipal Housing Liaison for the oversight of administration of Harmony Township's affordable housing program to enforce the requirements of the law and N.J.A.C. 5:80-26.1 et. seq.; and

WHEREAS, Harmony Township has amended Chapter 120 entitled Affordable Housing Regulations to provide for the appointment of a Municipal Housing Liaison to administer Harmony Township's affordable housing program.

NOW THEREFORE BE IT RESOLVED, by the Governing Body of Harmony Township in the County of Warren, and the State of New Jersey that Kelley Smith is hereby appointed by the Governing Body of Harmony Township as the Municipal Housing Liaison for the administration of the affordable housing program, pursuant to and in accordance with Sections 120-27 of Harmony Township's Affordable Housing Code.

I, Kelley D. Smith, Municipal Clerk of the Township of Harmony, do hereby certify the foregoing to be a true copy of a Resolution adopted by the Harmony Township Committee at a meeting held on February 4, 2024.


Kelley D. Smith
Municipal Clerk