

RESOLUTION 2026- 20

**RESOLUTION ADOPTING THE 2025 AFFORDABLE HOUSING TRUST FUND
FOURTH ROUND SPENDING PLAN BY THE TOWNSHIP OF HARMONY, COUNTY
OF WARREN, AND STATE OF NEW JERSEY**

WHEREAS, on January 28, 2025, Harmony Township (“Township”) adopted Resolution 25-11, which established the Township’s Fourth Round present and prospective need obligations pursuant to the amended Fair Housing Act (“FHS”) at N.J.S.A. 52:27D-301 et. seq., per P.L. 2024, c.2; and

WHEREAS , on January 23, 2025, the Township filed a Declaratory Judgment Action (“DJ Action”) in the New Jersey Superior Court captioned In the Matter of the Application of the Township of Harmony, WRN-L-000043-25, seeking among other things, compliance certifications; and

WHEREAS, on March 25, 2025, the Court entered an Order fixing the Township’s Fourth Round present need obligation as four (4) and prospective need obligation as seventy-one (71); and

WHEREAS, the Township of Harmony’s Land Use Board (“LUB”) held a public hearing and voted to adopt the Township’s Fourth Round Housing Element and Fair Share Plan (“Fourth HEFSP”), addressing the Township’s prior round obligations, Third Round Obligations and Fourth Round obligations as established; and

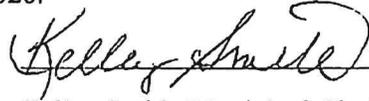
WHEREAS, pursuant to the Amended FHA, a municipality may not spend or commit to spend any affordable housing development fees collected and deposited into the municipal affordable housing trust fund, without first obtaining the approval of the expenditure as part of its compliance certification; and

WHEREAS, the Township now seeks to adopt a Spending Plan outlining how the municipality intends to allocate development fees and other funds, and how the municipality proposes to expend funds for affordability assistance, especially those funds earmarked for very low-income affordability assistance;

NOW, THEREFORE, BE IT RESOLVED on this 3rd day of March 2026, that the by the Township Committee of the Township of Harmony, County of Warren, State of New Jersey, hereby adopts the Fourth Round Affordable Housing Trust Fund Spending Plan.

CERTIFICATION

I, Kelley Smith, Municipal Clerk of the Township of Harmony, County of Warren, do hereby certify the foregoing is a true and correct copy of a Resolution adopted at a regular meeting of the Township Committee on March 3, 2026.



Kelley Smith, Municipal Clerk

Township of Harmony



Harmony Township Affordable Housing Trust Fund Spending Plan

Prepared by:
Van Cleef Engineering Associates

Prepared for:
Township of Harmony
Warren County, New Jersey

March 2, 2026

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

Contents

Introduction	1
Revenues for Certification Period	2
Projected Revenue.....	3
Administrative Mechanism to Collect and Distribute Funds	4
Description of Anticipated Use of Affordable Housing Funds.....	5
Affordability Assistance (N.J.A.C. 5:99-2.5)	5
Administrative Expenses (N.J.A.C. 5:99-2.4).....	6
Expenditure Schedule	7
Excess or Shortfall of Funds	7
Summary	7

Introduction

The Township of Harmony in Warren County has prepared a Fourth Round Housing Element and Fair Share Plan that addresses its regional fair share of the affordable housing need in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301, et. seq.). The Township's Development Fee Ordinance creating a dedicated revenue source for affordable housing was amended to reflect updates to the Uniform Housing Affordable Controls on March 2, 2026 (Ordinance No. O-26-04). The Development Fee Ordinance establishes the standards for the collection, maintenance, and expenditure of development fees consistent with applicable affordable housing rules and P.L.2008, c.46 (C.52:27D-329.1 et al.).

Pursuant to the Development Fee Ordinance, the Township will continue to deposit all development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees into its Affordable Housing Trust Fund. These funds shall be spent in accordance with N.J.A.C. 5:99 or applicable regulations as described in the sections that follow.

Revenues for Certification Period

To calculate a projection of revenue anticipated during the period of the Fourth Round, the Borough of Highlands 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):

Any 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. No other funds have been or are anticipated to be collected.

D. Projected interest:

Interest on the projected revenue in the municipal Affordable Housing Trust Fund at the current average interest rate.

Projected Revenue

Projected Revenues - Affordable Housing Trust Fund 2025 through 2035												
Source of Funds	2025 (Actual)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035 (Half Year)	Total
Historical Balance	\$280,817											\$280,817
Projected Development Fees	N/A	\$40,600	\$40,600	\$40,600	\$40,600	\$40,600	\$40,600	\$40,600	\$40,600	\$40,600	\$20,300	\$385,700
Interest	N/A	\$812	\$812	\$812	\$812	\$812	\$812	\$812	\$812	\$812	\$411	\$7,719
Total	\$280,817	\$41,414	\$20,711	\$674,254								

To calculate the projection of revenue anticipated from the development fees, 11 years (2013 through 2023) of construction data for the Township, acquired from the New Jersey Department of Community Affairs, was examined. From this analysis, the estimated annual collection amounted to approximately \$40,600.

As of December 31, 2025, the balance of the Township's Affordable Housing Trust Fund is \$280,817. The Borough projects a total of \$385,700 will be collected between January 1, 2026, and June 30, 2035. An additional \$7,719 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. The Township therefore projects total Trust Fund revenues and interest of \$674,254 through June 30, 2035.

Administrative Mechanism to Collect and Distribute Funds

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

A. Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Highlands Borough's development fee ordinance for both residential and non-residential developments.

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 129 of the Township 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.

Description of Anticipated Use of Affordable Housing Funds

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

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

Affordability Assistance		
Balance as of December 31, 2025		\$280,817
Projected Collection 2026-2035	+	\$385,700
Projected Trust Fund Interest 2026-2035	+	\$7,719
Total	=	\$674,254
80% maximum	x 0.80 =	\$539,404
Projected Minimum Affordability Assistance Requirement 6/1/2025 through 12/31/2035	=	\$539,404
Projected Minimum Very Low-Income Affordability Assistance Requirement 6/1/2025 through 12/31/2035	÷ 3 =	\$179,802

As per the requirements regarding the use of funds for affordability assistance laid out in N.J.A.C. 5:99-2.5, 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 \$539,404 from the Affordable Housing Trust Fund to render units more affordable, including \$179,802 to render units more affordable to households earning 30 percent or less of median income by region by converting low income units to very-low income units as follows:

- For-sale units in the form of down-payment assistance, homeowner assistance loans for Condominium or Homeowner Association fees, and homeowner assistance loans for mortgage payments up to two months or less in arrears to forestall foreclosure (Appendix A).
- For-rent units in the form of security deposit assistance and rental assistance, which are enhanced for very low-income households (Spending Plan Appendix A).

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

Administrative Expenses		
Balance as of December 31, 2025		\$280,817
Projected Collection 2025-2035	+	\$385,700
Projected Trust Fund Interest 2025-2035	+	\$7,719
Total	=	\$674,254
20% maximum	x 0.20	\$134,850
	=	
Projected Maximum Administrative Expenses 6/1/2025 through 12/31/2035	=	\$134,850

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 \$134,850 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 the Borough'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 Borough of Highlands.

Expenditure Schedule

Projected Expenditure Schedule 2025-2035												
Program	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035 (Half Year)	Total
Affordability Assistance	N/A	\$56,779	\$56,779	\$56,779	\$56,779	\$56,779	\$56,779	\$56,779	\$56,779	\$56,779	\$28,390	\$539,404
Administrative Expenses	N/A	\$14,195	\$14,195	\$14,195	\$14,195	\$14,195	\$14,195	\$14,195	\$14,195	\$14,195	\$7,097	\$134,850
Total	N/A	\$70,974	\$35,487	\$674,254								

Excess or Shortfall of Funds

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

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

Summary

The Township of Harmony intends to spend Affordable Housing Trust Fund revenues in accordance with N.J.A.C. 5:93.

As of December 31, 2025, the Township's Trust Fund has a balance of \$270,817. Harmony anticipates an additional \$393,419 in revenues and interest by June 30, 2035. The Township will dedicate \$539,404 to render units more affordable and \$134,850 to administrative costs.

Spending Plan Summary		
Balance as of December 31, 2025		\$280,817
Development fees	+	\$385,700
Payments in lieu of construction	+	\$0
Other funds	+	\$0
Interest	+	\$7,719
Total Revenue + Current Balance	=	\$674,254
Affordability Assistance	-	\$539,404
Administration	-	\$134,850
Total Projected Expenditures	=	\$674,254
Remaining Balance	=	\$0