

AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

Borough of East Newark
Hudson County, New Jersey

June 12, 2025

Adopted by the Borough Council on June 26, 2025

Prepared By:



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

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INTRODUCTION

The Borough of East Newark, Hudson County has prepared and adopted a Round Four Housing Element and Fair Share plan that addresses its regional fair share of the affordable housing need in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301).

As part of its compliance with the Fourth Round, the Borough will adopt a development fee ordinance and establish an Affordable Housing Trust Fund. The development fee ordinance will require and regulate the collection of residential and non-residential development fees as revenue for the Borough's Affordable Housing Trust Fund at a percentage of 1.5% for residential development fees and 2.5% for non-residential development fees.

All development fees, payments in lieu of constructing affordable units on site, interest generated by the fees as well as any other source of income will be deposited into the 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.

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

REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of Fourth Round “Substantive Certification,” the Borough of East Newark considered the following:

Development fees

1. 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.

Payment in lieu (PIL)

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

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.

Projected Interest

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

Projected Revenues

Projected Revenues – Housing Trust Fund – 2025 through 2035				
	Current Balance	(a) Projected Development Fees:	(d) Interest	TOTAL
Trust Fund Balance as of 06/12/2025	N/A	-	-	\$0
2025	-	\$8,129	\$163	\$8,292
2026	-	\$16,259	\$325	\$16,259
2027	-	\$16,259	\$325	\$16,259
2028	-	\$16,259	\$325	\$16,259
2029	-	\$16,259	\$325	\$16,259
2030	-	\$16,259	\$325	\$16,259
2031	-	\$16,259	\$325	\$16,259
2032	-	\$16,259	\$325	\$16,259
2033	-	\$16,259	\$325	\$16,259
2034	-	\$16,259	\$325	\$16,259
2035	-	\$8,129	\$163	\$8,292
TOTAL	\$0	\$162,586	\$3,252	\$165,837

*Balance pursuant to Budget Detail Inquiry received from the Borough on 5/15/2025

To calculate the projection of revenue anticipated from the general development fees, 10 years (2014 through 2023) of construction data (for both residential and non-residential construction) for the Borough, acquired from the New Jersey Department of Community Affairs, was examined.

East Newark projects a total of \$162,586 will be collected between June 2025 and June 2035. An additional \$3,252 in interest is projected to be earned through 2035. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. The Borough projects a total of \$165,837 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 East Newark:

Collection of development fee revenues:

Collection of development fee revenues shall be consistent with East Newark's development fee ordinance for non-residential developments.

Distribution of development fee revenues:

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

The release of funds requires the adoption of a resolution by the governing body. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body's resolution.

Collection and distribution of barrier free funds:

Collection and distribution of barrier free funds shall be in accordance with applicable regulations.

DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

The following sections represent the anticipated affordable housing expenditures within the Borough of East Newark, that will utilize trust fund monies.

New Construction Programs and Projects

The Borough intends to utilize Affordable Housing Funds in support of any 100% affordable housing developments during the Fourth Round.

Borough Rehabilitation Program

East Newark will implement a Mount Laurel – compliant, Borough-wide rehabilitation which will be funded through the Affordable Housing Trust Fund. Community Grants, Planning & Housing (CGP&H) has been selected to establish and administer the rehabilitation program on East Newark’s behalf.

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

Per the requirements regarding the use of funds for affordability assistance laid out in N.J.A.C. 5:93- 8.16, the Borough is required to dedicate at least 30% 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 calculation of available affordability assistance funds is performed by considering the lifetime of the trust fund. To project the funding amount that is dedicated to affordability assistance, all actual expenditures spent on new construction activities as well as any rehabilitation activities from the inception of the fund are subtracted from the sum of the actual and projected development fees and interest. That total is multiplied by 30% to determine the 30% requirement. The actual affordability assistance expenditures from inception of the fund are then subtracted from the overall 30% requirement. This final outcome is the total remaining funds that must be dedicated to affordability assistance for the period moving forward.

East Newark has not collected development fees or interest, nor has it spent money on housing activities. The Borough projects \$162,586 in development fees and \$3,252 in interest through 2035.

East Newark will appoint a qualified Administrative Agent to manage its affordability assistance program. Such Administrative Agent will prepare the required and appropriate manuals to run such a program.

Affordability Assistance Projection

Affordability Assistance		
Actual development fees collected, and interest earned through 06/12/2025		N/A
Projected Development Fees June 2025-2035	+	\$162,586
Projected Interest June 2025-2035	+	\$3,252
Less Housing Activity Through 06/12/2025	-	N/A
Total	=	\$165,837
30 percent requirement	x 0.30=	\$49,751
<i>Minimum Affordability Assistance</i>	=	\$49,751
<i>Less Affordability Assistance Expenditures through 06/12/2025</i>	-	\$0
<i>Remaining Affordability Assistance Requirement</i>		\$49,751
<i>Minimum Very Low-Income Requirement</i>	÷ 3 =	\$16,584

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

No more than 20% of revenues collected from development fees may be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop and implement: 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.

The calculation of allowable administrative expenses is performed by considering the lifetime of the trust fund. To project the funding amount that will be available for administrative costs, the sum of all development fees actually collected, and all interest earned since the inception of the account will be added to the sum of all projected development fees and interest projected to be collected through the remainder of this round. From this amount, any Regional Contribution Agreement (RCA) expenditures made or contractually obligated from the inception of the account are subtracted. This final amount is multiplied by 20% and then actual administrative expenditures made from inception are subtracted out. The final outcome of this calculation, as depicted in the following table, is the total remaining funds that will be available for administrative expenses through the end of this Round.

The Borough has not collected development fees or interest, nor has it spent money on administrative expenses. East Newark projects an \$162,586 in development fees and \$3,252 in interest through 2035. East Newark has never taken part in an RCA.

Administrative Expenses		
Actual development fees collected, and interest earned through 06/12/2025		N/A
Projected Development Fees June 2025-2035	+	\$162,586
Projected Interest June 2025-2035	+	\$3,252
RCA expenditures	-	\$0
Total	=	\$165,837
20 percent maximum permitted on administrative expenses based on total projection	x 0.20 =	\$33,167
Less Administrative Expenditures through 12/31/2024	-	N/A
<i>Projected Allowed Admin. Expenditures</i>	=	\$33,167

Moving forward, the Borough projects that \$33,167 will be available from the affordable housing trust fund for administrative expenses for the time period of June 1, 2025 through June 30, 2035. Because the actual administrative expense maximum is calculated on an ongoing basis based on actual revenues, East Newark shall be permitted to spend 20% of the actual balance at any given time on administrative fees. Money becomes available for administrative expenses as additional income is collected.

Projected administrative expenditures, subject to the 20 percent cap, include but are not limited to:

- Administration and expenses associated with the Borough’s affordable housing units;
- Expenses associated with the preparation and implementation of the Housing and Fair Share Plan and monitoring of the current and future housing programs for the Borough of East Newark;
- Affirmative Marketing;
- Income qualification; and
- Administration of the Borough’s affordable housing units.

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

EXPENDITURE SCHEDULE

Projected Expenditure Schedule – 2025 through 2035				
	New Affordable Construction and Borough Rehabilitation Projects	Affordability Assistance	Administration	TOTAL
2025	\$4,146	\$2,488	\$1,658	\$8,292
2026	\$8,292	\$4,975	\$3,317	\$16,584
2027	\$8,292	\$4,975	\$3,317	\$16,584
2028	\$8,292	\$4,975	\$3,317	\$16,584
2029	\$8,292	\$4,975	\$3,317	\$16,584
2030	\$8,292	\$4,975	\$3,317	\$16,584
2031	\$8,292	\$4,975	\$3,317	\$16,584
2032	\$8,292	\$4,975	\$3,317	\$16,584
2033	\$8,292	\$4,975	\$3,317	\$16,584
2034	\$8,292	\$4,975	\$3,317	\$16,584
2035	\$4,146	\$2,488	\$1,658	\$8,292
TOTAL	\$82,919	\$49,751	\$33,167	\$165,837

EXCESS OR SHORTFALL OF FUNDS

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

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

SUMMARY

The Borough of East Newark 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.

East Newark anticipates \$165,837 in revenues and interest by June 30, 2035. The Borough will expend:

- New Affordable Construction and Borough Rehabilitation Program: \$82,919
- Affordability Assistance: \$49,751, which includes \$16,584 for the very low-income requirement
- Administration: \$33,167

SPENDING PLAN SUMMARY	
Balance as of June 12, 2025	N/A
Projected REVENUE June 1, 2025 to December 31, 2035	
Development fees	+ \$162,586
Payments in lieu of construction	+ \$0
Other funds	+ \$0
Interest	+ \$3,252
TOTAL REVENUE + CURRENT BALANCE	= \$165,837
EXPENDITURES	
Funds used for New Construction/Rehabilitation	- \$82,919
Affordability Assistance	- \$49,751
Administration	- \$33,167
Excess Funds for Additional Housing Activity	= 0
TOTAL PROJECTED EXPENDITURES	= \$165,837
REMAINING BALANCE	= \$0