

Spending Plan for the Third Round Planning Period for the Borough of Woodcliff Lake, Bergen County

Prepared for:

The Council of the Borough of Woodcliff Lake

Prepared by:

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INTRODUCTION

The Borough of Woodcliff Lake, Bergen County has prepared a Housing Element and Fair Share Plan in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Fair Housing Act (N.J.S.A. 52:27D-301) and the affordable housing regulations of the New Jersey Department of Community Affairs (the Department) (N.J.A.C. 5:97-1 et seq. and N.J.A.C. 5:96-1 et seq.). A development fee ordinance creating a dedicated revenue source for affordable housing was adopted by the municipality in November 1993. The ordinance establishes the Borough of Woodcliff Lake affordable housing trust fund for which this spending plan is prepared.

1. REVENUES FOR CERTIFICATION PERIOD

As of April 30, 2023, the Borough of Woodcliff Lake had collected \$6,657,200 and expended \$6,287,932, resulting in a balance of \$369,268. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees are deposited in a separate interest-bearing affordable housing trust fund in Connect One Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:97-8.7-8.9, as described in the sections that follow.

To calculate a projection of revenue anticipated during the period of third round substantive certification (i.e., 2023-2025), the Borough of Woodcliff Lake considered the following:

(a) Development fees:

1. Residential and non-residential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development.

(b) Payment in lieu (PIL): The Borough anticipates collecting a payment in lieu (PIL) of construction from two developments:

1. \$600,000 from the Rosengren settlement. The Borough negotiated a settlement with the owners of a ±7-acre parcel located on Old Pascack Road and Pascack Road i.e., Block 2205.01, Lots 2.01, 3, 4, 5, and 6 (“Rosengren Site”). The Borough rezoned the site to AH-3 Affordable Housing District to permit 15 market rate townhouses. In exchange for this rezoning, the developer will contribute \$600,000 to the Borough’s Affordable Housing Trust Fund. One-half of the affordable housing fee for each of the 15 units will be paid to the Borough at the time of the issuance of the building permit; the remaining one-half will be paid to the Borough at the time of the issuance of the certificate of occupancy.
2. \$300,000 from the 188 Broadway settlement. The Borough negotiated a settlement with the owners of 188 Broadway, i.e., Block 2701, Lot 3 whereby the developer of the 188 North Broadway site will contribute \$300,000.00 to the Borough's Affordable Housing Trust Fund. One-half of the affordable housing fee will be paid to the Borough at the time of the issuance of the first building permit; the remaining one-half will be paid to the Borough at the time of the issuance of the first certificate of occupancy.

(c) Other funding sources:

The Borough reserves the right to seek potential donations and other monies from government sources to implement its Fair Share Plan.

(d) Projected interest:

Interest on the projected revenue in the municipal affordable housing trust fund at the current interest rate of 3.82 percent. Please note that the interest calculations take into account the starting balance of the Affordable Housing Trust Fund (i.e., \$369,2680 as of May 1, 2023, as well as the difference between the total income for the year and the total expenses for the year.

	PROJECTED REVENUES- HOUSING TRUST FUND			
	2023-2025			
	2023	2024	2025	Total
SOURCE OF FUNDS				
(a) Development Fees:				
6 New 1-2 Family Units/Year at 1.5% ¹	\$81,909	\$81,909	\$81,909	\$245,727
(b) Payment in Lieu of Construction				
Rosengren Site	\$300,000	\$300,000		\$600,000
188 Broadway Site	\$150,000	\$150,000		\$300,000
(c) Other Funds (Specify Source(s))	\$0	\$0	\$0	\$0
(d) Interest (3.82% interest rate compounded annually)	\$12,268	\$13,304	\$2	\$25,574
Total Incoming Funds	\$544,177	\$545,213	\$81,911	\$1,171,301

¹ Woodcliff Lake projects the construction of six new homes per year over the compliance period. This is based on the average number of certificates of occupancy issued for one- and two-family homes between 2018-2022 per the *New Jersey Construction Reporter*. Per Redfin.com, Zillow.com, and Realtor. Com, the median housing price in Woodcliff Lake is \$950,000. The Borough’s equalization ratio is currently 95.80 percent (per NJ Treasure Division of Taxation: https://www.state.nj.us/treasury/taxation/lpt/county_equalized.shtml). Therefore, the average value of a home in Woodcliff Lake is averaging an equalized assessed value of \$910,000. To be conservative, Woodcliff Lake does not anticipate any non-residential development of significance over the compliance period.

The Borough of Woodcliff Lake projects a total of \$1,145,727 development fees and payment in lieu of construction to be collected between May 1, 2023 and July 1, 2025. This projected amount, when added to the Borough of Woodcliff Lake’s trust fund balance as of May 1, 2023 (i.e., \$369,268), plus interest earned on the incoming revenue of \$25,574, results in an anticipated total amount of \$1,171,301 available to fund and administer its affordable housing plan. All interest earned on the account shall be used only for the purposes of affordable housing.

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 Borough of Woodcliff Lake:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with Borough of Woodcliff Lake's development fee ordinance for both residential and non-residential developments in accordance with the Department's rules and P.L.2008, c.46, Sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

(b) Distribution of development fee revenues:

The disbursement of monies in the Borough of Woodcliff Lake's affordable housing trust fund is coordinated by its Municipal Housing Liaison in conjunction with the Borough's Chief Financial Officer and the Borough Committee. In some instances, funds will be provided to other entities, such as an entity responsible for administering a program, for eventual disbursement.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(a) **Rehabilitation and new construction programs and projects (N.J.A.C. 5:97-8.7)**

The Borough of Woodcliff Lake will dedicate **\$190,000** to its rehabilitation program.

The Borough will reserve **\$94,250** for the construction of a 100 percent affordable housing development at 230 North Broadway and 15 Highview Avenue (i.e., Block 2602, Lots 1, 2 and 9) known as the "North Broadway Site." Per the Borough's amended Settlement Agreement with Fair Share Housing Center signed December 14, 2022, the development shall include 20 family rental apartment units and four (4) 1 or 2-bedroom supportive units. The developer of the North Broadway Site, Bergen County United Way ("BCUA"), estimates that it will need approximately \$94,250 from the Borough for pre-development/soft cost expenses as follows:

Civil engineering	\$30,000
Architect	\$40,000
Land use attorney	\$10,000

Environmental review	\$5,500
Soil testing	\$8,750
Total	\$94,250

The Borough will reserve **\$10,000** for the investigation of what can be built on the former VFW Site, i.e., Block 2502 Lot 1, as detailed in the Amended Settlement Agreement with Fair Share Housing Center signed December 14, 2022. The intent is to develop the property with eight family rental units. However, the site's physical and environmental constraints may limit what can be constructed there.

(b) Affordability Assistance (N.J.A.C. 5:97-8.8)

Actual development fees thru 4/30/2023		\$6,415,450
Actual interest already earned	+	\$101,026
Development fees and PIL projected 05/01/2023-07/01/2025	+	\$1,145,727
Interest projected 05/01/2023-07/01/2025	+	\$25,574
Less housing activity expenditures through 6/2/2008	-	-\$4,071,743 ¹
Total	=	\$3,616,007
Calculate 30 percent	x .30 =	\$1,084,802
Less Affordability assistance expenditures through 4/30/2023	-	-\$0
PROJECTED MINIMUM Affordability Assistance Requirement 5/1/2023-07/01/2025	=	\$1,084,802
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 5/1/2023-07/01/2025	÷ 3 =	\$361,601

¹ Housing activity expenditures through 6/2/2008 included the purchase of units (\$161,932); RCA (\$682,500); new construction (\$2,800,693); and land purchase (\$426,618).

Per N.J.A.C. 5:93-8.16, the Borough of Woodcliff Lake must 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 Borough will reserve 30 percent of its total trust fund money (i.e., \$1,084,802) to render units more affordable, including \$361,601 to render units more affordable to households earning 30 percent or less of median income by region as follows:

- For sale units in the form of emergency repairs, 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.
- For rent units in the form of security deposit assistance and rental assistance.

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

Actual dev fees and interest thru 4/30/2023		\$6,516,476
Projected dev fees, interest and PIL 5/1/2023 thru 07/01/2025	+	\$1,171,301
Payments-in-lieu of construction thru 7/17/2008	+	\$0
Less RCA expenditures thru 4/30/2023	-	-\$682,500
Total	=	\$7,142,505
Calculate 20 percent	x .20 =	\$1,428,501
Less admin expenditures thru 4/30/2023	-	-\$628,277
PROJECTED MAXIMUM available for administrative expenses 5/1/2023-07/01/2025	=	\$800,224

The Borough of Woodcliff Lake projects that \$800,224 will be available from the affordable housing trust fund to be used for administrative purposes. The Borough of Woodcliff Lake proposes to dedicate approximately \$161,500 from the affordable housing trust fund for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

- Provision of professional planning and legal services related to the planning for affordable housing.
- Fair Share Housing Center for assistance in plan formation.
- Administrative support for affirmative marketing. □ Administrative agent or in-house staff.

4. EXPENDITURE SCHEDULE

The Borough of Woodcliff Lake intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units, affordability assistance, and administration.

PROJECTS/ PROGRAMS	# of Units	PROJECTED EXPENDITURE SCHEDULE 05/01/2023-07/01/2025			
		2023	2024	2025	Total
Rehabilitation	19	\$63,333	\$63,333	\$63,333	\$190,000
New Construction N. Broadway	20	\$47,125	\$47,125		\$94,250
VFW	8	\$10,000			\$10,000
Affordability Assistance	-	\$361,600	\$361,600	\$361,602	\$1,084,802
Administration	-	\$100,000	\$45,000	\$16,500	\$161,500
Total Expenditures		\$582,058	\$517,058	\$441,525	\$1,540,052

5. EXCESS OR SHORTFALL OF FUNDS

In the event of any expected or unexpected shortfall if the anticipated revenues are not sufficient to implement the plan, the Borough of Woodcliff Lake will appropriate funds from general revenue to provide the necessary funds.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used to provide affordability assistance or aid with the rehabilitation of units.

6. BARRIER FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with the Borough of Woodcliff Lake’s Affordable Housing Ordinance in accordance with N.J.A.C. 5:97-8.5.

SUMMARY

The Borough of Woodcliff Lake intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 and consistent with the housing programs outlined in the Housing Plan Element adopted June 11, 2018 and amended in June 2023. To the extent that programs described herein are not described in the Housing Plan Element, the Borough of Woodcliff Lake will submit an amendment to its Fair Share Plan.

The Borough of Woodcliff Lake has a balance of \$369,268 as of May 1, 2023 and anticipates an additional \$1,145,727 in revenues and \$25,574 in interest through July 1, 2025, for a total of \$1,171,301. The Borough will dedicate \$190,000 to the rehabilitation program, \$104,250 to new construction, \$1,084,802 to render units more affordable, and \$161,500 to administrative costs. In the event that there is a shortfall of funds, the Borough will adopt an intent to bond. The municipality will dedicate any excess funds or remaining balance toward providing affordability assistance or aid with the rehabilitation of units.

SPENDING PLAN SUMMARY	
Balance as of May 1, 2023	\$369,268
PROJECTED REVENUE 05/01/2023-07/01/2025	
Development fees	+ \$245,727
Payments in lieu of construction or Other Funds	+ \$900,000
Interest	+ \$25,574
TOTAL REVENUE	=\$1,540,569

PROJECTED EXPENDITURES 05/01/2019-12/31/2025	
Funds used for Rehabilitation	- \$190,000
New Construction	- \$104,250
Affordability Assistance	- \$1,084,802
Administration	- \$161,500
TOTAL PROJECTED EXPENDITURES	= \$1,540,552
REMAINING BALANCE	= \$17