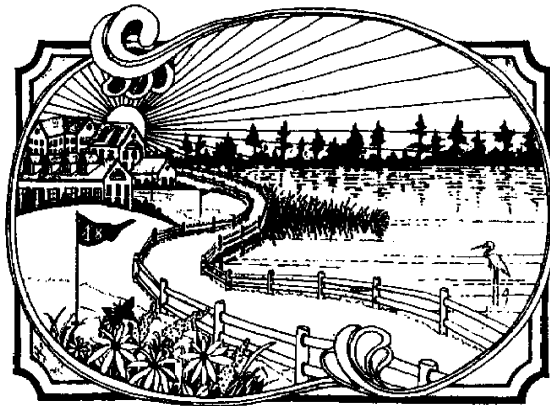


**2018 Master Plan
Spending Plan
Township of Galloway
Atlantic County, New Jersey**

Adopted after a public hearing by Resolution by the
Township of Galloway Planning Board on May 3, 2018 by Resolution #6A-2018

Endorsed by Resolution by the Township of Galloway Council
on May 8, 2018 by Resolution #151-18



TOWNSHIP OF GALLOWAY
300 E. JIMMIE LEEDS ROAD, GALLOWAY, NJ 08205
(609) 652-3700 FAX: (609) 652-5259

**2018 Master Plan
Spending Plan
For the
Township of Galloway
Atlantic County, New Jersey**

MAYOR

Anthony J. Coppola, Jr.

COUNCIL MEMBERS

Rich Clute, Deputy Mayor
Mary Crawford
Tony DiPietro
Jim Gorman
Robert Maldonado
Frank Santo

PLANNING BOARD

Ken Sooy, Chairman
Matt Ayers
Robert Bruno
Rich Clute
Anthony J. Coppola, Jr., Mayor
Jim Cox
Matthew Geese
Tom Guceroni
Don Purdy
Dave Maxwell
Charles Wimberg

Prepared By:

Tiffany A. Morrissey, AICP, PP#5533

The original of this document was signed and
sealed in accordance with NJAC 13:41-1.3.b

TABLE OF CONTENTS

<i>INTRODUCTION.....</i>	<i>1</i>
<i>REVENUES FOR CERTIFICATION PERIOD.....</i>	<i>2</i>
<i>ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS.....</i>	<i>4</i>
<i>ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS.....</i>	<i>5</i>
Affordable Housing Programs and Projects	5
New construction projects	5
Housing Rehabilitation	6
Affordability Assistance	7
Administrative Expenses	8
<i>Expenditure Schedule.....</i>	<i>8</i>
Excess Or Shortfall Of Funds	10
Summary	10
<i>Appendix A – Development Fee Ordinance.....</i>	<i>11</i>
<i>Appendix B – Municipal Intent to Bond Resolution.....</i>	<i>13</i>

INTRODUCTION

Galloway Township has prepared a 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.), the Fair Housing Act (N.J.S.A. 52:27D-301) and the regulations of the Council on Affordable Housing (COAH) (N.J.A.C. 5:91-1 et seq. and N.J.A.C. 5:93-1 et seq.). A development fee ordinance creating a dedicated revenue source for affordable housing was approved by COAH on April 16, 1992 and adopted by the municipality on February 3, 1993. The development fee ordinance was amended on March 13, 2007 and subsequently approved by COAH. The ordinance establishes the Galloway Township affordable housing trust fund for which this spending plan is prepared.

As of December 31, 2017, As of July 17, 2008, Galloway Township has collected \$1,692,190.55 and expended \$16,996.21 for a final balance of \$1,675,194.34. 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 Ocean First 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. These funds shall be spent in accordance with N.J.A.C. 5:93-8.1-8.22 as described in the sections that follow.

Galloway Township first petitioned COAH for substantive certification on May 2000 for the second round obligation and received prior approval to maintain an affordable housing trust fund on December 15, 2004. From January 1, 2005 through December 31, 2017, Galloway Township collected an additional \$1,449,120 in development fees, other funds, and/or interest. From January 1, 2005 through December 31, 2017, Galloway Township expended funds on the affordable housing activities detailed in Expenditure Schedule of this spending plan.

The Township filed a Declaratory Judgment action in June of 2015 in accordance with the NJ Supreme Court's March 10, 2015 decision. The Township completed and adopted a Housing Element and Fair Share Plan on May 5, 2018 which was prepared in accordance with a Fairness Hearing held January 3, 2018 under Docket No. ATL-L-1442-15. This Spending Plan is prepared in accordance with the Township Housing Element and Fair Share Plan and in accordance with the requirements of the Fairness Hearing.

REVENUES FOR CERTIFICATION PERIOD

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

(a) Development fees:

1. Projects which have had development fees imposed upon them at the time of development approvals;
2. All projects currently before the planning and zoning boards for development approvals that may apply for certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development and/or projected development in accordance with COAH projections.
4. Revenues from the 2.5 non-residential, for all commercial development

(b) Other funding sources:

1. Funds from other sources, including, but not limited to, the sale of units with extinguished controls.

Galloway Township anticipates another source of funding would be through the 95/5 rules. The 95/5 rule, as set out in the Recapture Mortgage recorded against the unit requires that 95% of the difference between the maximum restricted sales price and the actual contract price at the time of sale must be returned to the municipality, to be used for affordable housing purposes.

- (c) Projected interest: Interest on the projected revenue in the municipal affordable housing trust fund based upon the average amount earned on prior years.

SOURCE OF FUNDS	PROJECTED REVENUES-HOUSING TRUST FUND - 2018 THROUGH 2025								
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
(a) Projected Development fees:	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,200,000
(b) Payments in Lieu of Construction	0	0	0	0	0	0	0	0	0
(c) Other Funds	0	0	10,000	0	0	10,000	0	10,000	30,000
(d) Interest – 2% estimated	950	950	950	950	950	950	950	950	7,600
Total	150,950	150,950	160,950	150,950	150,950	160,950	150,950	160,950	1,237,600

The above projected revenues are based upon projected residential and commercial development growth rates from prior years. Galloway Township projects a total of \$1.2 million in revenue to be collected between January 1, 2018 and December 31, 2025. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

In 2006 the Township of Galloway entered into a Regional Contribution Agreement (RCA) with the City of Bridgeton. The RCA was to transfer 61 low and moderate-income unit obligation from the Smithville Development. The developer, K. Hovnanian funded \$2,135,000.00 in three payments to the Township of Galloway for distribution to the City of Bridgeton. In 2011 the RCA was reversed by the judicial system. The Township of Galloway received reimbursement of the \$2,135,000.00 from the City of Bridgeton. This was returned to K. Hovnanian. The following details the receipts and disbursements of the RCA:

Amount	Received by Galloway	Disbursed to Bridgeton
\$700,000.00	December, 2006	December, 2006
\$735,000.00	November, 2007	December, 2007
\$700,000.00	November, 2008	December, 2008
\$2,135,000	August, 2011 (reimbursed from Bridgeton)	
\$2,135,000	November 2011 (returned to K.Hovnanian)	

ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The Township's Finance Office is responsible for the day-to-day management of the Affordable Housing Trust Fund. The Township's Manager and Chief Financial Officer will review all fund requests and approves the disbursement of funds from the Fund. The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Galloway Township:

(a) Collection of Development Fee Revenues:

1. The Planning and Zoning Board Administrator will notify the construction code official when a preliminary or final approval is granted for a development application.
2. When a request is made for a building permit, the construction office determines whether the project is subject to the imposition of a mandatory development fee. If so, the construction office obtains a preliminary assessment of the project from the Township Tax Assessor who calculates the fee.
3. Before a building permit is issued one hundred percent (100%) of the estimated development fee is paid to the Construction Office at the time a building permit is issued. The funds are then forwarded to the Finance Office for deposit into the Affordable Housing Trust Fund.
4. The Township Manager monitors this process and provides, as needed an annual report to the Township Council.

(b) Distribution of Development Fee Revenues:

The Township Council reviews the request for consistency with the spending plan and adopts a resolution recommending the expenditure of development fee revenues as set forth in this fee-spending plan.

The use and release of funds requires the adoption of a resolution in accordance with the spending plan. Once a request is approved, the Chief Financial Officer releases the revenues from the trust fund for the specific use pursuant to the resolution issued by the governing body.

ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

Regulations permit the use of revenues generated by a development fee ordinance for activities that address the municipal fair share obligation including, but not limited to, rehabilitation, new construction, improvement to land, roads and infrastructure for affordable housing, assistance to render units more affordable, and administrative costs of housing plan implementation.

In accordance with the Township's existing Spending Plan the following projects have received assistance from the Housing Trust Fund:

- Seashore Gardens - Galloway has contributed \$200,000.00 for the Seashore Gardens project in September of 2011.
- Habitat for Humanity - In 2011 and 2012 the Township has contributed \$71,079.18 to Habitat for Humanity. Additional expenditures are proposed for property acquisition and land development costs. These expenditures will vary depending upon the project need.
- Caring, Inc. – In 2012 and 2015 the Township contributed \$300,000 to Caring to assist with the purchase and creation of two new group homes.
- Society Hill - In 2011 the Township purchased two housing units in Society Hill and used them as part of a Market to Affordable Program. The Township contributed \$187,865.31 to these units.
- Market to Affordable – The Township contributed \$220,000 to the Market to Affordable program to assist with renovations and affordability assistance in the seven units.

Affordable Housing Programs and Projects

Galloway Township will dedicate funds to new construction programs in accordance with N.J.A.C.5:97-8.7 (see detailed descriptions in Fair Share Plan) as follows:

New construction projects

The Township has identified several housing projects in the Housing Element and Fair Share Plan. The funds from the Trust Fund may be utilized to implement any one of these projects, or in the event a new project is identified which provides affordable housing opportunities for use in meeting the Township's housing obligation. The following are the programs specifically identified in the adopted Housing Element and Fair Share Plan:

- Nantucket at Galloway
- Blue Heron Pines

- Supportive Housing – Funding will vary based upon requests
 - Caring Inc.
 - ARC of Atlantic County
- Miscellaneous Provisions –
 - Habitat for Humanity - Funding will vary
 - Market to Affordable Program – Min. of \$25,000 per unit

Housing Rehabilitation

Galloway Township will dedicate funds to affordable housing programs in accordance with N.J.A.C.5:93-8.16. The primary purpose is to create a local housing rehabilitation program. This will be coordinated with the assistance of the Atlantic County Improvement Authority (ACIA) to expand upon the existing ACIA program specifically within Galloway Township. The Township has a rehabilitation obligation of 180 units. ACIA has rehabilitated 14 of the required units already using Community Development Block Grants (CDBG) funds. That leaves a remaining obligation to rehabilitate 166 units. The Township proposes to use collected development fees to implement a program in cooperation with the ACIA to rehabilitate additional units in the Township.

Affordability Assistance

The Township commits to providing affordability assistance in accordance with the COAH requirements (N.J.A.C. 5:97-8.8). In accordance with the projections for new development prepared by COAH, the Township of Galloway has prepared a table projecting the minimum affordability assistance requirement. The following table has been prepared solely to meet the requirements of N.J.A.C.5:97-8.8:

Development fees projected 1/2018-2025		\$1,230,000
30 percent requirement	x 0.30 =	\$ 369,000
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2018 through 12/31/2025	=	\$ 369,000

Galloway Township will dedicate money as required from the affordable housing trust fund to render units more affordable, including money to render units more affordable to households earning 30 percent or less of median income by region. The Township intends to continue to provide assistance to affordable units in Society Hill for Homeowner's Association Fees, property taxes and sewer fees as deemed appropriate. Pursuant to N.J.A.C.5:97-9.8(a)1 this qualifies as affordability assistance. Since 2010 the Township has contributed \$145,339.12 towards affordability assistance for units in Society Hill.

The Township of Galloway will also create opportunities for down payment assistance, security deposit assistance, rental assistance and assistance with emergency repairs for the balance of the funds required to be used as affordability assistance. The Township intends to utilize a portion of these funds in Aloe Village to assist tenants with rental costs and fees.

Administrative Expenses

Galloway Township projects that 20% of the Housing Trust Fund Balance will be available to be used for administrative purposes (N.J.A.C. 5:97-8.9). Projected administrative expenditures, subject to the 20 percent cap, are as follows:

Development fees projected 1/2018-2025	+	\$1,230,000
20% CAP for Administrative Expense	X .20	\$ 246,000
Available for Administrative Expense through 12/31/2025	=	\$ 246,000

Administration includes such items as supplies that are used to assist to all affordable units, salaries, and benefits for municipal employees or consultant fees necessary to develop or, implement a new program, a Housing Element and Fair Share Plan, and/ or an affirmative marketing program. Administrative funds can also be used to income qualify households, monitor the turnover of a sale and rental units, and comply with COAH'S monitoring requirements.

Expenditure Schedule

Galloway Township intends to use affordable housing trust fund revenues for the creation and/or rehabilitation of housing units. The following summarizes the use of the funds existing in the Housing Trust Fund as of December 31, 2017 over the next four years – as required under N.J.A.C.5:97-8.10(a)8:

AHTF Balance 12/31/2017		\$ 1,449,120
Projected Revenue 2018-2025	+	\$1,237,600
Total Revenue	=	\$2,686,720
Expenditures		
New Construction Projects	-	\$1,071,720
Rehabilitation Revolving Loan Program	-	\$1,000,000
Affordability Assistance	-	\$369,000
Administrative Expense	-	\$246,000
Total Projected Expenditures	=	\$2,615,000
Remaining Balance	=	\$0.00

Administrative Expenses: The Township of Galloway will expend funds for administrative expenses through December 31, 2025 for the purposes of salaries and benefits of the municipal employees involved in the implementation and administration of the Township's Affordable Housing program,

Housing Element and Fair Share Plan, and affirmative marketing program, as well as any other permitted program under N.J.A.C.5:97-8.9.

Affordability Assistance: The Township of Galloway intends to spend funds for affordability assistance in accordance with N.J.A.C.5:97-8.8. One-third of the balance will be utilized for the affordability assistance to very low-income households.

The Township intends to provide assistance to affordable units in Society Hill for Homeowner's Association Fees, property taxes, sewer fees and other similar items. The Township will additional funds to offset the costs of living at Aloe Village through rental assistance and/or association fees. The funds will also be used to offset the costs of very low-income units as required.

Housing Programs: The Township of Galloway intends to utilize the remaining Housing Trust Fund balance on the programs highlighted in the Fair Share Plan. The following are the programs specifically identified in the adopted Housing Element and Fair Share Plan:

- Nantucket at Galloway
- Blue Heron Pines
- Supportive Housing – Funding will vary based upon requests
 - Caring Inc.
 - ARC of Atlantic County
- Miscellaneous Provisions –
 - Habitat for Humanity - Funding will vary
 - Market to Affordable Program – Min. of \$25,000 per unit

Excess Or Shortfall Of Funds

The Township of Galloway does not intend to realize a shortfall in funds for the programs in this plan. The Township of Galloway will closely monitor the Housing Trust fund balance and will only expend those funds that are available. This is clear throughout the Township's plan in that the Township has not specified exact amounts to be spent on any one program with the exception of the money to be spent at Society Hill.

Pursuant to the Housing Element and Fair Share Plan, the Township Council of Galloway Township has adopted a resolution with Intent to Bond for Unanticipated Shortfall in Funding should any shortfall of funds required for implementing the Spending Plan. In the event that a shortfall of anticipated revenues occurs, Galloway Township will bond for the amount necessary to complete the programs. See attached resolution in Appendix B.

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be used for programs as permitted under N.J.A.C.5:97-8.1.

Summary

Galloway Township intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 and consistent with the housing programs outlined in the housing element and fair share plan approved on May 5, 2018.

Appendix A – Development Fee Ordinance

Appendix B – Municipal Intent to Bond Resolution

