

# **AFFORDABLE HOUSING TRUST FUND**

## **SPENDING PLAN**

June 5, 2025

Approved by Township Committee June 18, 2025

Hardwick Township  
Warren County, New Jersey

Prepared By:



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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 that reads 'M. McKinley Mertz'. The signature is written in a cursive, flowing style.

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

With contributions by Megan Adam, Associate Planner

## Contents

INTRODUCTION .....	3
1. REVENUES FOR CERTIFICATION PERIOD .....	4
(a) Development fees .....	4
(b) Payment in lieu (PIL) .....	4
(c) Other funding sources .....	4
(d) Projected interest .....	4
(e) Projected Revenues .....	4
2. ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS .....	6
(a) Collection of development fee revenues: .....	6
(b) Distribution of development fee revenues: .....	6
(c) Collection and distribution of barrier free funds: .....	6
3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS .....	7
(a) Rental Rehabilitation Program and New Construction Projects (N.J.A.C. 5:93-8.16) .....	7
(b) Affordability Assistance (N.J.A.C. 5:93-8.16) .....	7
(c) Administrative Expenses (N.J.A.C. 5:93-8.16) .....	8
4. EXPENDITURE SCHEDULE .....	10
5. EXCESS OR SHORTFALL OF FUNDS .....	10
SUMMARY .....	11

## **INTRODUCTION**

Hardwick Township, Warren County has prepared and will adopt 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) as amended.

The Township first petitioned COAH for substantive certification on March 7, 2002, and received substantive certification for its Housing Element and Fair Share Plan on May 7, 2003. Subsequent to Mount Laurel IV, a Final Judgment of Compliance and Repose was granted on January 10, 2019.

A development fee ordinance creating a dedicated revenue source for affordable housing was approved by COAH on June 24, 2002, and adopted by the Township on September 2, 2002 (Ordinance 2002-02). This ordinance was most recently amended by Ordinance 2025-01, which was adopted on March 19, 2025. In response to the 2024 amendment to the Fair Housing Act and any subsequent changes to the substantive rules, Hardwick will once again amend its development fee ordinance if necessary to ensure it meets current standards.

As part of the Township's efforts to address its Third Round obligation, Hardwick's first Third Round Spending Plan was adopted on April 18, 2018 (Resolution 2018-26). The Plan was approved by the Court on January 10, 2019. Pursuant to the settlement agreement with Fair Share Housing Center (FSHC) which was executed on September 20, 2017, annual monitoring reports were submitted to the New Jersey Department of Community Affairs, FSHC, and posted to the Township's website. These reports provided updates on the Township's Affordable Housing Trust Fund. This 2025 Spending Plan supersedes all prior Spending Plans.

Since the inception of the trust fund in 2002, the Township had collected more than \$100,000 in development fees, payments in lieu of construction, interest, and other income. Hardwick has spent nearly \$80,000 on administrative costs, housing activity, and affordability assistance. The balance of the Township's Trust Fund was \$50,388, as of January 1, 2025.<sup>1</sup>

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 are deposited into 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 amended or revised. 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.

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<sup>1</sup> Most recent data as provided to HGA by Township in May 2025

## 1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of Fourth Round "Substantive Certification," Hardwick Township 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.

### (d) Projected interest

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

### (e) Projected Revenues

Projected Revenues – Housing Trust Fund – June 2025 through June 2035				
	Current Balance	(a) Projected Development Fees:	(d) Interest	TOTAL
Trust Fund Balance as of 1/1/2025	\$50,388	-	-	\$50,388
2025	-	\$4,500	\$20	\$4,520
2026	-	\$9,000	\$41	\$9,041
2027	-	\$9,000	\$41	\$9,041
2028	-	\$9,000	\$41	\$9,041
2029	-	\$9,000	\$41	\$9,041
2030	-	\$9,000	\$41	\$9,041
2031	-	\$9,000	\$41	\$9,041
2032	-	\$9,000	\$41	\$9,041
2033	-	\$9,000	\$41	\$9,041
2034	-	\$9,000	\$41	\$9,041
2035	-	\$4,500	\$20	\$4,520
<b>TOTAL</b>	<b>\$50,388</b>	<b>\$90,000</b>	<b>\$405</b>	<b>\$140,793</b>

To calculate the projection of revenue anticipated from the general development fees, 11 years (2013 through 2023) of construction data (for both residential and non-residential construction) for the Township, acquired from the New Jersey Department of Community Affairs, was examined. The historic activities of the Township's existing affordable housing trust fund were also analyzed, and the projected development fees reflect both trends.

The Township projects a total of \$90,000 will be collected between July 1, 2025, and June 30, 2035. An additional \$405 in interest is projected to be earned through June of 2035. Interest calculations are based on a historic average of the interest earned in the Township's trust fund. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing. Including the existing trust fund balance, the Township projects a total of \$140,793 through June 30, 2035.

## **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 Hardwick:

### **(a) Collection of development fee revenues:**

Collection of development fee revenues shall be consistent with Hardwick'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.

The release of funds requires the adoption of a resolution by the Township Committee. 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 Township Committee resolution.

### **(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 13, Article XII of the Township's Ordinance) 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.

### **3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS**

The following sections represent the anticipated affordable housing expenditures within the Township of Hardwick, that will utilize trust fund monies.

#### **(a) Rental Rehabilitation Program and New Construction Projects (N.J.A.C. 5:93-8.16)**

Although there are no projects planned at this time in part due to Hardwick's lack of infrastructure, the Township will dedicate \$67,972 to any new construction development that becomes viable in the Township. As discussed in Hardwick's Fourth Round Housing Element and Fair Share Plan, the Township has a Fourth Round Rehabilitation Obligation of 0.

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

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% 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 the 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.

The Township of Hardwick has collected \$106,340 in development fees and interest through January 1, 2025. The Township projects an additional \$90,000 in development fees and \$405 in interest through 2035. The Township has spent \$75,800 on housing activities to date.

Affordability Assistance Projection

<b>Affordability Assistance</b>		
Actual development fees collected, and interest earned through 1/1/2025		\$106,340
Projected Development Fees June 2025-2035	+	\$90,000
Projected Interest June 2025-2035	+	\$405
Less Housing Activity Through 1/1/2025	-	\$75,800
<b>Total</b>	=	\$120,945
30 percent requirement	x 0.30=	\$36,284
Minimum Affordability Assistance	=	\$36,284
Less Affordability Assistance Expenditures through 1/1/2025	-	\$0
<b>Remaining Affordability Assistance Requirement</b>		<b>\$36,284</b>
<b>Minimum Very Low-Income Requirement</b>	÷ 3 =	<b>\$12,095</b>

Housing Activity History

Since the inception of the trust fund in 2002, the Township has spent \$75,800 on housing activity. This includes new construction, property acquisition, and renovations.

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

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 new construction program; a housing element; and an affirmative marketing program. Administrative funds may be used for: income qualification of households; monitor 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 is 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 Township has collected \$106,340 in development fees and interest from inception through January 1, 2025. The Township projects an additional \$90,000 in development fees and \$450 in interest through 2035.



The Township has never taken part in an RCA. Hardwick has spent \$2,812 on administrative expenses through January 1, 2025.

<b>Administrative Expenses</b>		
Actual development fees collected, and interest earned through 1/1/2025		\$106,340
Projected Development Fees June 2025-2035	+	\$90,000
Projected Interest June 2025-2035	+	\$405
RCA expenditures	-	\$0
<b>Total</b>	=	\$196,745
20 percent maximum permitted on administrative expenses based on total projection	x 0.20 =	\$39,349
Less Administrative Expenditures through 1/1/2025	-	\$2,812
<b>Projected Allowed Admin. Expenditures</b>	=	<b>\$36,537</b>

Moving forward, the Township projects that \$36,537 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, the Township 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 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 Hardwick
- Affirmative Marketing;
- Income qualification; and
- Administration of the Township'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.

#### 4. EXPENDITURE SCHEDULE

Projected Expenditure Schedule – Housing Trust Fund – June 2025 through June 2035				
	New Construction	Affordability Assistance	Administration	TOTAL
2025	\$3,399	\$1,814	\$1,827	\$7,040
2026	\$6,797	\$3,628	\$3,654	\$14,079
2027	\$6,797	\$3,628	\$3,654	\$14,079
2028	\$6,797	\$3,628	\$3,654	\$14,079
2029	\$6,797	\$3,628	\$3,654	\$14,079
2030	\$6,797	\$3,628	\$3,654	\$14,079
2031	\$6,797	\$3,628	\$3,654	\$14,079
2032	\$6,797	\$3,628	\$3,654	\$14,079
2033	\$6,797	\$3,628	\$3,654	\$14,079
2034	\$6,797	\$3,628	\$3,654	\$14,079
2035	\$3,399	\$1,814	\$1,827	\$7,040
<b>TOTAL</b>	<b>\$67,972</b>	<b>\$36,284</b>	<b>\$36,537</b>	<b>\$140,793</b>

#### 5. 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 Hardwick 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.

The Township's trust fund has a balance of \$50,388 as of January 1, 2025. Hardwick anticipates an additional \$90,405 in revenues and interest by June 30, 2035. The Township will expend:

- New construction: \$67,972
- Affordability Assistance: \$36,284, which includes \$12,095 for the very low-income requirement
- Administration: \$36,537

<b>SPENDING PLAN SUMMARY</b>	
Balance as of January 1, 2025	\$50,388
<b>Projected REVENUE June 1, 2025 to June 30, 2035</b>	
Development fees	+ \$900,000
Payments in lieu of construction	+ \$0
Other funds	+ \$0
Interest	+ \$405
<b>TOTAL REVENUE + CURRENT BALANCE</b>	<b>= \$140,793</b>
<b>EXPENDITURES</b>	
Funds used for New Construction	- \$67,972
Affordability Assistance	- \$36,284
Administration	- \$36,537
Excess Funds for Additional Housing Activity	= \$0
<b>TOTAL PROJECTED EXPENDITURES</b>	<b>= \$140,793</b>
<b>REMAINING BALANCE</b>	<b>= \$0</b>