

BOROUGH OF WANAQUE

COUNTY OF PASSAIC

STATE OF NEW JERSEY

ORDINANCE #11-0-12

AN ORDINANCE TO AMEND THE CODE OF THE BOROUGH OF WANAQUE, PASSAIC COUNTY, NEW JERSEY, CHAPTER 72, TO ADDRESS THE REQUIREMENTS OF THE COUNCIL ON AFFORDABLE HOUSING (COAH) REGARDING DEVELOPMENT FEES

WHEREAS, on June 1, 2010, the Borough of Wanaque Council adopted Resolution 91-0-10 endorsing the Borough's Fair Share Housing Plan and Housing Element of the 2010 Master Plan Reexamination, and

WHEREAS, the Borough of Wanaque Planning Board, on May 10, 2010, adopted the Housing Element and the Fair Share Housing Plan, and

WHEREAS, the Borough of Wanaque has petitioned the New Jersey Council on Affordable Housing (COAH) for substantive certification of the Housing element and Fair Share Plan, and

WHEREAS, the Borough Council is required by Law and applicable regulation to provide for the terms and conditions of the use (spending) of all affordable housing contributions made to the Borough and to further provide a framework for the collecting affordable housing fees and contributions.

NOW, THEREFORE, BE IT ORDAINED BY THE BOROUGH COUNCIL OF THE BOROUGH OF WANAQUE, that the following procedures, terms and conditions shall be implemented in the Borough of Wanaque for all affordable housing contributions, in furtherance of the Borough's Fair Share Plan.

Section 1. That Chapter 72, Article III, Development Fees, be repealed in its entirety and replaced with a new Article III as follows:

The following terms, as used in this ordinance, shall have the following meanings:

72-3. Definitions.

**"Affordable housing development"** means a development included in the Housing Element and Fair Share Plan, and includes, but is not limited to, an inclusionary development, a municipal construction project or a 100 percent affordable development.

**"COAH"** or the **"Council"** means the New Jersey Council of Affordable Housing established under the Act which has primary jurisdiction for the administration of housing obligations in accordance with sound regional planning consideration in the State. This term shall also apply to any successor agency, without the necessity of amending this Ordinance.

**Development fee**” means money paid by a developer for the improvement of property as permitted in N.J.A.C. 5:97-8.3.

**“Developer”** means the legal or beneficial owner or owners of a lot or of any land proposed to be included in a proposed development, including the holder of an option or contract to purchase, or other person having an enforceable proprietary interest in such land.

**“Equalized assessed value”** means the assessed value of a property divided by the current average ratio of assessed to true value for the municipality in which the property is situated, as determined in accordance with sections, 1,5, and 6 of P.L. 1973, c.123

**“Green building strategies”** means those strategies that minimize the impact of development on the environment, and enhance the health, safety and well-being of residents by producing durable, low-maintenance, resource-efficient housing while making optimum use of existing infrastructure and community services.

#### **72-4. Purpose.**

- a) In Holmdel Builder’s Association V. Holmdel Township, 121 N.J. 550 (1990), the New Jersey Supreme Court determined that mandatory development fees are authorized by the Fair Housing Act of 1985 (the Act), N.J.S.A. 52:27d-301 et seq. and the State Constitution, subject to the Council of Affordable Housing’s (COAH’s adoption of rules.
- b) Pursuant to P.L. 2008, C.46 section 8 (C 52:27D-329.2) and the Statewide Non-Residential Development Fee Act (C. 40:55D-8.1 through 8.7), COAH is authorized to adopt and promulgate regulations necessary for the establishment, implementation, review, monitoring and enforcement of municipal affordable housing trust funds and corresponding spending plans. Municipalities that are under the jurisdiction of the Council or court of competent jurisdiction and have a COAH-approved spending plan may retain fees collected from non-residential development.
- c) This ordinance establishes standards for the collection, maintenance, and expenditure of Development fees pursuant to COAH’s regulations and in accordance P.L. 2008, C 46 Sections 8 and 32-38. Fees collected pursuant to this ordinance shall be used for the sole purpose of providing low-and moderate-income housing. This ordinance shall be interpreted within the framework of COAH’s rules on development fees, codified at N.J.A.C. 5:97-8.

#### **72-5. Residential Development fees**

- a) Imposed fees
  - i. Residential developers, except for developers of the types of development specifically exempted below, shall pay a fee of one and one-half (1.5) percent of the equalized assessed value for the residential development provided no increased density is permitted.

ii. When an increase in residential pursuant to N.J.S.A. 40:55d-70d (5) (known as a “d” variance ) has been permitted, developers may be required to pay a development fee of six (6) percent of the equalized assessed value for each additional unit that may be realized. However, if the zoning on a site has changed during the two year period preceding the filing of such a variance application, the base density for the purposes of calculating the bonus development fee shall be the highest density permitted by right during the two-year period preceding the filing of the variance application.

Example: If an approval allows four units to be constructed on a site that was zoned for two units, the fees could equal one and a half percent of the equalized value on the first two units: and six (6) percent of the equalized assessed value for the two additional units, provided zoning on the site has not changed during the two-year period preceding the filing of such a variance application.

b) Eligible exactions, ineligible exactions and exemptions for residential development

i) Affordable housing developments, developments where the developer is providing for the construction of affordable units elsewhere in the municipality, and developments where the developer has made a payment in lieu of on site construction of affordable units shall be exempt from development fees.

ii) Developments that have received preliminary or final site plan approval prior to the adoption of a municipal development fee ordinance shall be exempt from development fees, unless the developer seeks a substantial change in the approval. Where a site plan approval does not apply, a zoning and/or building permit shall be synonymous with preliminary or final site plan approval for this purpose. The fee percentage shall be vested on the date that the building permit is issued.

iii) Owner occupied residential structures demolished and replaced as a result of a fire, flood, or natural disaster shall be exempt from paying a development fee.

72-6. Non-residential Development fees

i) Within all zoning districts, non-residential developers shall pay a fee equal to two and one-half (2.5) percent of the equalized assessed value of the land and improvements, for all new non-residential construction on an improved lot or lots.

ii) Non-residential developers, except for developers of the types of development specifically exempted shall also pay a fee equal to two and one-half (2.5) percent of the increase in equalized assessed value resulting from any additions to existing structures to be used for non-residential purposes.

iii) Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of two and a half percent (2.5%) shall be calculated on the difference between the equalized assessed value of the pre-existing land and improvement and the equalized assessed value of the newly improved structure. i.e. land and improvement, at the time final certificate of occupancy is issued. If the calculation required under this section results in a negative number, the non-residential development fee shall be zero.

72-7. Eligible exactions, ineligible exactions and exemptions for non-residential development.

i. The non-residential portion of a mixed-use inclusionary or market rated development shall be subject to the two and a half (2.5) percent development fee, unless otherwise exempted below.

ii. The 2.5 percent fee shall not apply to an increase in equalized assessed value resulting from alterations, change in use within existing footprint, reconstruction, renovations and repairs.

iii. Non-residential developments shall be exempt from the payment of non-residential development fees in accordance with the exemptions required pursuant to P.L. 2008, c.46, as specified in the Form N-RDF "State of New Jersey Non-Residential Development Certification/Exemption" Form. Any exemption claimed by a developer shall be substantiated by that developer.

iv. A developer of a non-residential development exempted from the non-residential development fee pursuant to P.L. 2008, c.46 shall be subject to it at such time the basis for the exemption no longer applies, and shall make the payment of the non-residential development fee, in that event, within three years of after that event or after the issuance of the final certificate of occupancy of the non-residential development, whichever is later.

v. If a property which was exempted from the collection of a non-residential development fee thereafter ceases to be exempt from property taxation, the owner of the property shall remit the fees required pursuant to this section within 45 days of the termination of the property tax exemption. Unpaid non-residential fees under these circumstances may be enforceable by Wanaque Borough as a lien against the real property of the owner.

**72-8. Collection of fees.**

a) Upon the granting of a preliminary, final or other applicable approval, for a development, the applicable approving authority shall direct its staff to notify the construction official responsible for the issuance of a building permit.

b) For non-residential developments only, the developer shall also be provided with a copy of Form NORDF "State of New Jersey Non-Residential Development Certification/Exemption" to be completed as per the instructions provided. The developer of a non-residential development shall verify the information submitted by the non-residential developer as per the instruction provided in the Form N-RDF. The Tax assessor shall verify exemptions and prepare estimated and final assessments as per the instructions provided in Form N-RDF.

c) The construction official responsible for the issuance of a building permit shall notify the local tax assessor of the issuance of the first building permit for a development which is subject to a development fee.

d) Within 90 days of receipt of that notice, the municipal tax assessor, based on the plans filed, shall provide an estimate of the equalized assessed value of the development.

e) The construction official responsible for the issuance of a final certificate of occupancy notifies the local assessor of any and all requests for the scheduling of a final inspection on property which is subject to a development fee.

f) Within 10 business days of a request for the scheduling of a final inspection, the municipal assessor shall confirm or modify the previously estimated equalized assessed value of the improvements of the development; calculate the development fee; and thereafter notify the developer of the amount of the fee.

g) Should Wanaque fail to determine or notify the developer of the amount of the development fee within 10 business days of the request for final inspection, the developer may estimate the amount due and pay that estimated amount consistent with the dispute process set forth in subsection b. of section 37 of P.L. 2008, c.46 (C.40:55D-8.6)

h) Fifty percent of the development fee shall be collected at the time of issuance of the building permit. The remaining portion shall be collected at the issuance of the certificate of occupancy. The developer shall be responsible for paying the difference between the fee calculated at building permit and that determined at issuance of certificate of occupancy.

i) Appeal of development fees

1) A developer may challenge residential development fees imposed by filing a challenge with the County Board of Taxation. Pending a review and determination by the Board, collected fees shall be placed in an interest bearing escrow account by Wanaque Borough. Appeals from a determination of the Board may be made to the tax court in accordance with the provisions of the State Tax Uniform Procedure Law, R.S. 54-48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

2) A developer may challenge non-residential development fees imposed by filing a challenge with the Director of the Division of Taxation. Pending a review and determination by the Director, which shall be made within 45 days of receipt of the challenge, collected fees shall be placed in an interest bearing escrow account by Wanaque Borough. Appeals from a determination of the Director may be made to the tax court in accordance with the provisions of the State Tax Uniform Procedure Law, R.S. 54:48-1 et seq., within 90 days after the date of such determination. Interest earned on amounts escrowed shall be credited to the prevailing party.

#### **72-9. Affordable Housing Trust Fund**

a) There is hereby created a separate, interest-bearing housing trust fund, to be maintained by the Wanaque chief financial officer, for the purpose of depositing development fees collected from residential and non-residential developers and proceeds from the sale of units with extinguished controls. The Borough Administrator is hereby authorized and designated as the official responsible for filing and ensuring reporting compliance with this Ordinance.

b) The following additional funds shall be deposited in the Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:

1. payments in lieu of on-site construction of affordable units;
2. developer contributed funds to make ten percent (10%) of the adaptable entrances in townhouse or other multistory attached development accessible;
3. rental income from municipally operated units;
4. repayments from affordable housing program loans;
5. recapture funds;

6. proceeds from the sale of affordable units; and

7. any other funds collected in connection with [insert municipal name]'s affordable housing program.

c) within seven days from the opening of the trust fund account, Wanaque Borough shall provide COAH with written authorization, in the form of a three-party escrow agreement between the municipality [insert name of bank], and COAH to permit COAH to direct the disbursement of the funds as provided for in N.J.A.C. 5:97-8.13(b).

d) All interest accrued in the housing trust fund shall only be used on eligible affordable housing activities approved by COAH.

#### 72-10 Use of funds

a) The expenditure of all funds shall conform to a spending plan approved by COAH. Funds deposited in the housing trust fund may be used for any activity approved by COAH to address the Borough's fair share obligation and may be set up as a grant or revolving loan program. Such activities include, but are not limited to: preservation or purchase of housing for the purpose of maintain or implementing affordability controls, rehabilitation, new construction of affordable housing units-including special and supportive needs housing, and related costs, accessory apartments, market to affordable , or regional housing partnership programs, conversion of existing non-residential buildings to create new affordable units, green building strategies designed to be cost saving and in accordance with accepted national or state standards, purchase of land for affordable housing, improvement of land to be used for affordable housing , extensions or improvements of roads and infrastructure to affordable housing sites, financial assistance designed to increase affordability, administration necessary for implementation of the Housing Element and Fair Share Plan, or any other activity as permitted pursuant to N.J.A.C. 5:97-8.7 through 8.9 and specified in the approved spending plant.

b) Funds shall not be expended to reimburse Wanaque for past housing activities.

c) At least 30 percent of all development fees collected and interest earned shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the municipal Fair Share Plan. One third of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning 30 percent of less of median income by region.

i. Affordability assistance programs may include down payment assistance, security deposit assistance, low interest loans, rental assistance, assistance with homeowners association or condominium fees and special assessments, and assistance with emergency repairs.

ii. Affordability assistance to households earning 30 percent or less of median income may include buying down the cost of low or moderate income units in the municipal Fair Share Plan to make them affordable to households earning 30 percent or less of median income.

iii. Payments in lieu of constructing affordable units on site and funds from the sale of units with extinguished controls shall be exempt from the affordability assistance requirement.

d) Wanaque may contract with a private or public entity to administer any part of its Housing Element and Fair Share Plan, including the requirement for affordability assistance, in accordance with N.J.A.C. 5:96-18. In addition, the Borough of Wanaque may enter into a partnership with a public or non-profit third party for the development of supportive and/or special needs housing serving developmentally disabled (or physically disabled) persons.

e) No more than 20 percent of all 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 or implement a new construction program, a Housing Element and Fair Share Plan, and/or an affirmative marketing program. In the case of a rehabilitation program, no more than 20 percent of the revenues collected from development fees shall be expended for such administrative expenses. Administrative funds may be used for income qualification of households, monitoring the turnover of sale and rental units, and compliance with COAH's monitoring requirements. Legal or other fees related to litigation opposing affordable housing sites or objecting to the Council's regulations and/or action are not eligible uses of the affordable housing trust fund.

#### 72-11 **Monitoring**

a) Wanaque shall complete and return to COAH all monitoring forms included in monitoring requirements related to the collection of development fees from residential and non-residential developers, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, barrier free escrow funds, rental income, repayments from affordable housing program loans and any other funds collected in connection with the Borough's housing program, as well as to the expenditure of revenues and implementation of the plan as certified by COAH or approved by the court. All monitoring reports shall be completed on forms designed by COAH.

B) On March 26, 2012 the Borough Administrator filed a certified copy of the 2011 New Jersey Housing Trust Fund Monitoring Report. Said Report having been approved by the New Jersey Department of Community Affairs.

#### 72-12 **Ongoing collection of fees**

a) The ability for Wanaque to impose, collect and expend development fees shall expire with substantive certification unless Wanaque has filed an adopted Housing Element and Fair Share Plan with COAH, has petitioned for substantive certification, and has received COAH's approval of its development fee ordinance. If Wanaque fails to renew its ability to impose and collect development fees prior to the expiration of substantive certification, it may be subject to forfeiture of any or all funds remaining within its municipal trust fund. Any funds so forfeited shall be deposited into the "New Jersey Affordable Housing Trust Fund" established pursuant to section 20 of P.L. 1985, c222 (C.52:27D-320). The Borough shall not impose a residential development fee on a development that receives preliminary or final site plan approval after the expiration of its substantive certification or judgment of compliance, nor shall the Borough retroactively impose a development fee on such a development. Wanaque shall not expend development fees after the expiration of its substantive certification or judgment of compliance.

#### 72-13. **Effective date.**

a) This ordinance shall not be effective until approved by COAH pursuant to N.J.A.C. 5:96-5.1.

- b) Wanaque Borough shall not spend development fees until COAH has approved a plan for spending such fees in conformance with N.J.A.C. 5:97-8.10 and N.J.A.C. 5:96-5.3.

Dated: April 9, 2012

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Katherine J. Falone, RMC, CMC

Municipal Clerk

BOROUGH OF WANAQUE

COUNTY OF PASSAIC

STATE OF NEW JERSEY

ORDINANCE #11-0-12

NOTICE IS HEREBY GIVEN that the foregoing Ordinance was Introduced at a Regular Meeting of the Mayor and Council of the Borough of Wanaque, Passaic County, New Jersey, held on the 9th day of April 2012, and passed on first reading, and the same was then ordered to be published according to law; and that such Ordinance will be further considered for final passage at a meeting of said Mayor and Council to be held in the Municipal Building, 579 Ringwood Avenue, Wanaque, New Jersey, on May 14, 2012 at 8:00 P.M., at which time and place or at any time and place to which said meeting shall be from time to time adjourned, all persons interested will be given an opportunity to be heard concerning said Ordinance.

BY ORDER OF THE MAYOR AND COUNCIL OF THE BOROUGH OF  
WANAQUE.

DATED: April 9, 2012

KATHERINE J. FALONE, RMC, CMC

Municipal Clerk

BOROUGH OF WANAQUE

COUNTY OF PASSAIC

STATE OF NEW JERSEY

ORDINANCE #11-0-12

BE IT RESOLVED that an Ordinance entitled:

AN ORDINANCE TO AMEND THE CODE OF THE BOROUGH OF WANAQUE, PASSAIC COUNTY, NEW JERSEY, CHAPTER 72, TO ADDRESS THE REQUIREMENTS OF THE COUNCIL ON AFFORDABLE HOUSING (COAH) REGARDING DEVELOPMENT FEES

pass first reading, and that said Ordinance be further considered for final passage and adoption at a Regular meeting of the Borough Council to be held on the 14th day of May 2012, at the Municipal Building in the Borough of Wanaque, at 8:00 P.M., and that at such time and place all persons interested be given an opportunity to be heard concerning said Ordinance.

AND BE IT FURTHER RESOLVED that the Borough Clerk be instructed to publish in the manner provided by law a copy of said Ordinance, together with introduction thereof and notice when same will be considered for final passage and adoption.

Passed: 4/9/12

Filed: 4/9/12

Approved: 4/9/12

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Katherine J. Falone, RMC, CMC, Municipal Clerk



