YOUR GOALS. OUR MISSION.

# DRAFT BOROUGH OF CALDWELL

# AFFORDABLE HOUSING SPENDING PLAN

## May 30, 2025

## INTRODUCTION

The Borough of Caldwell has prepared a Housing Element and Fair Share 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). A development fee ordinance creating a dedicated revenue source for affordable housing was initially adopted by the municipality on February 23, 2021 and then amended via ordinance adopted on August 16, 2022. This ordinance establishes the Caldwell's Affordable Housing Trust Fund (AHTF) and has been prepared in accordance with current standards.

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 into this separate, interest-bearing Affordable Housing Trust Fund for the purposes of affordable housing. These funds shall be spent in accordance with applicable affordable housing regulations.

## 1. REVENUES FOR CERTIFICATION PERIOD

As of May 15, 2025, the Borough of Caldwell has a balance of $34,116 in its Affordable Housing Trust Fund. All of Caldwell's 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 separate interest-bearing affordable housing trust funds in Citizens Bank for the purposes of affordable housing. All housing trust fund monies shall be spent in accordance with current affordable housing rules as described in the sections that follow.

(a) Development fees:

1. Residential Development Fees: The Borough of Caldwell has been collecting development fees since February 2024. To date, the Borough has collected approximately $18,940 in residential development fees. Over the 15 month time period of fee collection, this equates to approximately $1,262 in residential fee collection per month, or $15,145 per year. This spending plan assumes residential development fees of 15,145 per year through Round 4.

2. Non-Residential Development Fees: The Borough of Caldwell has been collecting development fees since February 2024. To date, the Borough has collected approximately $14,945 in nonresidential development fees. Over the 15 month time period of fee collection, this equates to approximately $996 in residential fee collection per month, or $11,952 per year. This spending plan assumes nonresidential development fees of $11,952 per year through Round 4.

(b) Payment in lieu (PIL): The Borough does not currently anticipate the contribution of any payments in lieu for the municipal Affordable Housing Trust Fund through 2035.

(c) Other funding sources: The Borough does not currently anticipate the contribution of any other funds toward the municipal Affordable Housing Trust Fund through 2035.

(d) Projected interest: It is estimated that the Borough of Caldwell will collect approximately $2,035 in total interest through 2035.

**TABLE 1: PROJECTED REVENUES**
**Affordable Housing Trust Fund, July 1, 2025 through 2035**

| Source | 7/1/25-12/31/25 | 1/1/26-12/31/26 | 1/1/27-12/31/27 | 1/1/28-12/31/28 | 1/1/29-12/31/29 | 1/1/30-12/31/30 | 1/1/31-12/31/31 | 1/1/32-12/31/32 | 1/1/33-12/31/33 | 1/1/34-12/31/34 | 1/1/35-12/31/35 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| a) Development Fees | $13,548 | $27,097 | $27,097 | $27,097 | $27,097 | $27,097 | $27,097 | $27,097 | $27,097 | $27,097 | $27,097 | $284,518 |
| *Residential* | *$7,572* | *$15,145* | *$15,145* | *$15,145* | *$15,145* | *$15,145* | *$15,145* | *$15,145* | *$15,145* | *$15,145* | *$15,145* | *$159,022* |
| *Non-Residential* | *$5,976* | *$11,952* | *$11,952* | *$11,952* | *$11,952* | *$11,952* | *$11,952* | *$11,952* | *$11,952* | *$11,952* | *$11,952* | *$125,496* |
| b) PIL Construction | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| c) Other Funds | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| d) Interest | $95 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $200 | $2,095 |
| **Total** | **$13,643** | **$27,297** | **$27,297** | **$27,297** | **$27,297** | **$27,297** | **$27,297** | **$27,297** | **$27,297** | **$27,297** | **$27,297** | **$286,613** |

The Borough of Caldwell projects a total of $286,613 in revenue and interest to be collected between July 1, 2025 and December 31, 2035. This projected amount, when added to the Borough of Caldwell's trust fund balance of $34,116 results in anticipated total revenue of $320,729 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 Caldwell:

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with the Borough's development fee ordinance for both residential and non-residential developments in accordance with all applicable rules, regulations and legislation.

(b) Distribution of development fee revenues:

The release of funds requires adoption of the governing body resolution in accordance with the spending plan. 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.

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

The following programs were included in the 2021 Spending Plan and remain included in the current plan as potential uses of the affordable housing funds:

- New construction of affordable housing units and related development costs, and in the case of inclusionary developments, eligible costs shall be pro-rated based on the proportion of affordable housing units included in the development. New Construction program shall constitute projects such as Group Homes, Market to Affordable housing, or other similar opportunities; in this regard, the Borough intends to set aside money for opportunities that may occur in the event a housing unit becomes available for acquisition that may be appropriate for a conversion into affordable housing via a deed restriction and resale or via deeding the unit over to a qualified group home provided.

- Extensions or improvements of roads and infrastructure directly serving affordable housing development sites; in the case of inclusionary developments, costs shall be pro-rated based on the proportion of affordable housing units included in the development;

- Acquisition and/or improvement of land to be used for affordable housing;

- Purchase of existing market rate or affordable housing for the purpose of maintaining or implementing affordability controls, such as in the event of foreclosure;

- Accessory apartment or market-to-affordable programs;

- Green building strategies designed to save money for low and moderate income households, either for new construction that is not funded by other sources, or as part of necessary maintenance or repair of existing affordable units;

- Maintenance and repair of affordable housing units;
- Repayment of municipal bonds issued to finance low and moderate income housing activity;
- Affordability assistance to very low, low and moderate income buyers and renters of affordable housing units to lower the cost of homeownership; and
- Any other activity as specified herein.

(a) Affordability Assistance - Pursuant to applicable rules, the Borough will commit to spend at least 30% of the development fees collected and interest earned to provide affordability assistance to very low, low and moderate income households. As shown in the Table 2, a minimum of $96,219 is required to be available from the affordable housing trust fund for this purpose through 2035.

However, in actuality, the Borough is exceeding its affordability assistance requirement, and identifying and proposing to dedicate $256,584 of its trust fund to affordability assistance. One-third of the affordability assistance will be dedicated toward affordability assistance for very low income households.

As contained in the 2021 Spending Plan, potential affordability assistance programs include the following:

*Funds will go towards down payment assistance as part of a monetary contribution to owner occupied affordable units. This down payment assistance is designed to help low- and moderate-income households achieve the goal of homeownership. This program will provide a zero-interest loan to income-qualified homebuyers of deed restricted affordable properties within the Borough of Caldwell to use as a principal down payment. Funds are made available through the Affordable Housing Trust Fund of Borough of Caldwell. The goal of the program is to provide financial assistance to income-qualified homebuyers moving to Borough of Caldwell. Applicants for this loan program must be income-qualified by the Administrative Agent for Borough of Caldwell and must be under contract to purchase a deed restricted home in the Borough of Caldwell. This means that the applicant must have made application to buy a home, been income-qualified and selected to purchase an affordable home within the Borough of Caldwell, and signed a contract with the seller.*

*Properties must be single family homes within the Borough of Caldwell. The price of the home will be limited by the deed restriction to be affordable to either a low or moderate-income household. The Borough of Caldwell's Downpayment Assistance Program will provide up to but not more than 20% of the maximum purchase price of the affordable unit.*

The above program will be expanded in Round 4 to provide affordability assistance to rental properties. The program will assist qualified potential renters with provision of security deposit and rental assistance.

Finally, if the municipality demonstrates that there are no units for which affordability assistance programs can be offered, the Borough may, in the future, request a waiver of this requirement pursuant to applicable rules.

Table 2 includes the calculation of the required affordability assistance amounts through 2035.

| TABLE 2: AFFORDABILITY ASSISTANCE CALCULATION | | |
|---|---|---|
| | | **Total** |
| Actual development fees and interest through 5/15/2025 | + | **$34,116** |
| Projected development fees and interest through 2035. | + | **$286,613** |
| Less Housing Activity Expenditure in the Third Round | - | **0** |
| Total | = | **$320,729** |
| 30% Requirement | x .30 | **$96,219** |
| Less Affordability assist. Expenditures thru 5/15/2025 | - | **$0.00** |
| Projected Min. Afford. Asst. through 2035 | = | **$96,219** |
| Projected Min. Afford. Asst. for Very Low Income through 2035 | x 1/3 | **$32,073** |

(c) Administrative Expenses

Per affordable housing regulations, no more than 20% of the revenues collected from development fees shall be expended on administration. The Borough projects that a maximum of $64,145 will be available from the affordable housing trust fund to be used for administrative expenses.

| TABLE 3: ADMINISTRATIVE EXPENSE CALCULATION | | |
|---|---|---|
| | | **Total** |
| Actual fees and interest thru 5/15/2025 | | **$34,116** |
| Projected Development Fees and interest though 2035 | + | **$286,613** |
| Total for Admin. Calculation, through 2035 | = | **$320,729** |
| | | |
| 20% Maximum for Admin. Expense | x .20 | **$64,145** |
| Less Admin through 5/15/2025 | - | **0** |
| Available for Admin. through 2035 | = | **$64,145** |

Legal or other fees related to litigation opposing affordable housing sites or objecting to the COAH's regulations and/or actions are not eligible uses of the affordable housing trust fund.

Projected administrative expenditures, subject to the 20% cap, are as follows:

1. Expenditures for consultant and professional fees in connection with future revisions and amendments to the Housing Element and Fair Share Plan.

2. Preparation of this Spending Plan and revisions thereto as required by any future reviewing body.

3. Expenditures for consultant and professional fees in connection with future revisions to the affordable housing ordinances necessary to implement the Borough's Housing Element and Fair Share Plan.

4. Additional expenses and training for the Municipal Housing Liaison.

5. Expenditures for the provision of Administrative Agent services.

6. Expenditures for consultant and professional fees in connection with planning, development and implementation of affordable housing sites and developments.

7. Expenditures for consultant and professional fees to further any section or proposal from the adopted Housing Element and Fair Share Plan, and revisions and amendments thereto.

8. Expenditures for professional fees for annual affordable housing monitoring and required reviews.

9. Municipal Housing Liaison and Administrative Agent training and on-going certification.

10. Research and preparation of the annual trust fund and affordable housing activity monitoring as required by the Settlement Agreement.

11. Preparation of the very-low income monitoring every three years as required by the Settlement Agreement.

12. Preparation of a Housing Element and Fair Share Plan and a Spending Plan to satisfy future Round 5 requirements.

## 4. EXPENDITURE SCHEDULE

The Borough of Caldwell intends to use affordable housing trust fund revenues to both an affordability assistance program and administrative expenses as detailed in Table 4.

| TABLE 4: EXPENDITURE SCHEDULE | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Projects/ Program** | **Projected Expenditure Schedule July 1, 2025 – December 31, 2035** | | | | | | | | | | | |
| | **7/1/25-12/31/25** | **1/1/26-12/31/26** | **1/1/27-12/31/27** | **1/1/28-12/31/28** | **1/1/29-12/31/29** | **1/1/30-12/31/30** | **1/1/31-12/31/31** | **1/1/32-12/31/32** | **1/1/33-12/31/33** | **1/1/34-12/31/34** | **1/1/35-12/31/35** | **Total** |
| | | | | | | | | | | | | |
| Affordability Assistance | $5,000 | $23,000 | $23,000 | $22,000 | $25,000 | $26,000 | $26,000 | $26,000 | $27,000 | $27,000 | $26,584 | $256,584 |
| Administrative Expenses | $10,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 | $4,145 | $10,000 | $64,145 |
| | | | | | | | | | | | | |
| **Total** | **$15,000** | **$28,000** | **$28,000** | **$27,000** | **$30,000** | **$31,000** | **$31,000** | **$31,000** | **$32,000** | **$31,145** | **$36,584** | **$320,729** |

## 5. EXCESS OR SHORTFALL OF FUNDS

In the event of excess funds, any remaining funds above the amount necessary to satisfy the municipal affordable housing obligation will be dedicated to rehabilitation and/or affordability assistance program, and/or additional affordable housing activity necessary to address any remaining Unmet Need. In the event that a shortfall of anticipated revenues occurs, the Borough of Caldwell will address the shortfall of funds through an alternative funding source to be identified by the Borough or by adopting a resolution with an intent to bond, or the Borough will amend its spending plan to reduce the amount of funds available for the affordability assistance program and administrative expenses.

## 6. BARRIER- FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with the Borough of Caldwell's Affordable Housing Ordinance and in accordance with applicable rules.

## SUMMARY

The Borough intends to spend affordable housing trust fund revenues pursuant to applicable rules and to be consistent with the housing programs outlined in the 2025 Housing Element and Fair Share Plan.

The Borough's Affordable Housing Trust Fund has a balance of $34,116 as of May 15, 202  and estimates a total of $286,613 in potential revenue and interest to be collected December 31, 2035. This projected amount, when added to the Borough of Caldwell's trust fund balance results in anticipated total revenue of $320,729 available to fund and administer its affordable housing plan.

The Spending Plan summary is provided below.

| TABLE 5: SPENDING PLAN SUMMARY | | |
|---|---|---|
| | | Total |
| **Balance as of May 15, 2025** | | **$34,116** |
| | | |
| **Projected Revenue Through 2035** | | |
| **Development fees** | + | **$284,518** |
| **Payments in lieu of construction** | + | **$0.00** |
| **Other funds** | + | **$0.00** |
| **Interest** | + | **$2,095** |
| **Total Available Funds** | | **$320,729** |
| | | |
| **Projected Expenditures through 2035** | | |
| **Affordability Assistance:** | + | **$256,584** |
| **Administration** | + | **$64,145** |
| **Total Projected Expenditures** | = | **$320,729** |
| **Remaining Balance** | = | **0** |

* Actual affordability assistance minimums are calculated on an ongoing basis, based on actual revenues.
** Administrative expenses are limited to 20 percent of what is actually collected.