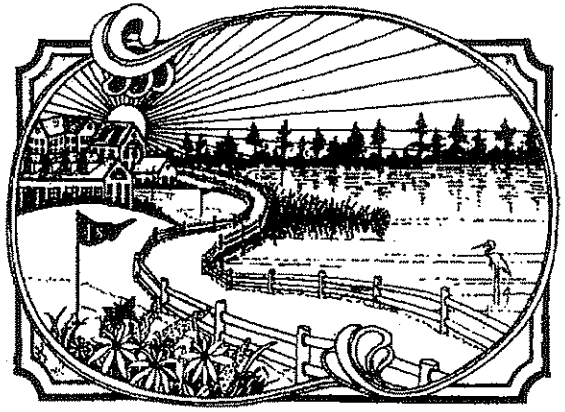
2008 Master Plan
Spending Plan
Township of Galloway
Atlantic County, New Jersey

Adopted after a public hearing by Resolution by the
Township of Galloway Planning Board on December 18, 2008

Endorsed by Resolution by the Township of Galloway Council on December 9, 2008



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

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SPENDING PLAN

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. 5:97-1 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 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 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 TD 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.

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. As of December 31, 2004, the prior round balance remaining in the affordable housing trust fund was $ $862,833.31. From January 1, 2005 through July 17, 2008, Galloway Township collected an additional $812,361.030 in development fees, payments in lieu of construction, other funds, and/or interest. From January 1, 2005 through July 17, 2008, Galloway Township expended funds on the affordable housing activities detailed in Expenditure Schedule of this spending plan.

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 at the current average interest rate has been 2% percent, but it does change each year.

SOURCE OF FUNDS	**PROJECTED REVENUES-HOUSING TRUST FUND - 2008 THROUGH 2018**											
	7/18/08 Through 12/31/08	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
(a) Development fees:												
1. Approved Development												
2. Development Pending Approval												
3. Projected Development		$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$137,92 mil
(b) Payments in Lieu of Construction	N/A											
(c) Other Funds (Specify source(s)) 95/5 Rule	N/A											
(d) Interest – 2% estimated												
Total		$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$13,792,000.00	$137,92 mil

The above projected revenues are based upon projected residential and commercial development as published by COAH. This anticipates 176 new residential units per year with an average value of $300,000. The anticipated development fee revenue for each unit is $4,500. This results in a projected revenue of $792,000 per year. Additionally the projected revenues anticipate employment to grow by 4,162 jobs through 2018. With 980 jobs already created through 2008 that leaves 3,182 jobs over 10 years or 318 jobs per year. If we average the estimated square feet of non-residential space that creates one job from Appendix D of the Consultant's Reports as adopted by COAH it can be presumed that on average 8,380 square feet of non-residential space

will create one new job. With 318 jobs projected per year that would equal 2,664,840 square feet of new non-residential space per year in the Township. An estimated value of $200 per square foot of space results in a projected revenue of $13,324,200 per year (2.5% of the total value).

**Please note that the Township takes exception to the employment projections prepared by COAH and has only utilized these numbers for the purpose of preparing the above table.

Galloway Township projects a total of $137.92 million in revenue to be collected between July 18, 2008 and December 31, 2018. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

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.

Description Of Anticipated Use Of Affordable Housing Funds

COAH 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.

New construction 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 project(s):

Extension of Expiring Controls –
Society Hill -- $1,500,600.00
Supportive Housing – Funding will vary based upon requests
Caring Inc.
ARC of Atlantic County
Covenant House
Seashore Gardens
100% Affordable Projects – Funding will vary based upon requests
Aloe Street Rezoning
Miscellaneous Provisions –
Habitat for Humanity - Funding will vary
Market to Affordable Program – Min. of $25,000 per unit
Accessory Apartments – Min. of $20,000 per unit
Aloe Village – Funding will vary

Affordability Assistance

The Township commits to providing affordability assistance in accordance with the COAH requirements (N.J.A.C. 5:97-8.8). Since the Township projections for the Housing Trust Fund are based upon inflated projections as assigned by COAH regulations the Township feels it is appropriate to identify the required affordability assistance expenditures based upon the current Housing Trust Fund Balance. This will be updated with reports to COAH. This follows below:

Actual development fees through 7/17/2008		$1,692,190.55
Actual interest earned through 7/17/2008	+	$192,265.25
	=	$1,884,455.80
Less housing activity expenditures through 6/2/2008	-	$225,312.59
Total	=	$1,659,143.21
30 percent requirement	x 0.30 =	$497,742.96
Less Affordability assistance expenditures through 12/31/2004	-	$0
ACTUAL MINIMUM Affordability Assistance Requirement 1/1/2005 through 12/31/2018	=	$497,742.96
ACTUAL MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2005 through 12/31/2018	÷ 3 =	$165,914.32

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 provide assistance to affordable units in Society Hill for Homeowner's Association Fees for an estimated amount of $1,500,600 over the next 30 years – or $50,020 per year. Pursuant to N.J.A.C.5:97-9.8(a)1 this qualifies as affordability assistance. The Township will also utilize funds to provide subsidies in affordable housing developments that would serve to "buy-down" a unit making it a very low-income unit.

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.

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 table that follows is not realistic in that the COAH projections for future development are not realistic. As noted above, the Township commits to updating these projections with reports to COAH based upon actual growth. The following table has been prepared solely to meet the requirements of N.J.A.C.5:97-8.8:

Actual development fees through 7/17/2008		$1,692,190.55
Actual interest earned through 7/17/2008	+	$
Development fees projected* 2008-2018	+	$137,920,000.00
Interest projected* 2008-2018	+	$
Less housing activity expenditures through 6/2/2008	-	$225,312.59
Total	=	139,386,877.96
30 percent requirement	x 0.30 =	$41,816,063.39
Less Affordability assistance expenditures through 12/31/2004	-	$0
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2005 through 12/31/2018	=	$41,816,063.39
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2005 through 12/31/2018	÷ 3 =	$13,938,687.80

* Note: The 2008 portion of this projection reflects 2008 subsequent to July 17 as the remainder of 2008 is included in the actual figure reported above.

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:

AHTF Balance – July 2008	$1,884,455.80
Administrative – Max 20%	$ 376,891.16
Less Administrative Expense Through June 2008	-$ 225,312.59
Available Funds for Administrative Expenses Through 2008	$ 151,578.57

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. Where applicable, the creation/rehabilitation funding schedule below parallels the implementation schedule set forth in the Housing Element and Fair Share Plan. The following summarizes the use of the funds existing in the Housing Trust Fund as of July 17, 2008 over the next four years – as required under N.J.A.C.5:97-8.10(a)8:

AHTF Balance – July 2008	**$1,884,455.80**
Administrative – Max 20%	$ 376,891.16
Less Administrative Expense Through June 2008	-$ 225,312.59
Available Funds for Administrative Expenses Through 2008	$ 151,578.57
AHTF Balance after Administrative Expense	**$1,507,564.64**
30% Affordability Assistance	$ 452,269.40
AHTF Balance after Administrative Expense And Affordability Assistance	**$1,055,295.24**

Administrative Expenses: The Township of Galloway will expend the remaining balance of $151,578.57 for administrative expenses through July of 2012 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 the $452,269.40 for affordability assistance in accordance with N.J.A.C.5:97-8.8. One-third of the balance ($150,756.47) 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 for an estimated amount of $1,500,600 over the next 30 years – or $50,020 per year. Starting in 2009 the Township commits a minimum of $50,020 per

year to Society Hill HOA. This will be formalized in an agreement between the Township and the Society Hill Association and Homeowner's. Between 2009 and 2012 the Township will have expended up to $200,080 on the Society Hill units. This leaves a remaining balance of $252,189.40 to be spent on affordability assistance prior to July of 2012. The Township will utilize the remaining balance 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 of $1,055,295.24 on the programs highlighted in the Fair Share Plan. The programs are as follows:

Supportive Housing – Funding will vary based upon requests
- Caring Inc.
- ARC of Atlantic County
- Covenant House
- Seashore Gardens
- 100% Affordable Projects – Funding will vary based upon requests
- Aloe Street Rezoning

Miscellaneous Provisions –
- Habitat for Humanity - Funding will vary
- Market to Affordable Program – Min. of $25,000 per unit
- Accessory Apartments – Min. of $20,000 per unit

The total balance will be expended prior to July of 2012.

The Township has not entered into any formal agreement with the above organizations and will provide updated information through monitoring reports.

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.

The Township of Galloway will commit up to $1,500,600 dollars to be spent on the units at Society Hill. The available balance in the Housing Trust Fund for this program is $1,507,564.64, more than necessary to complete this program.

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 #28 of 2005 in Appendix C.

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 dated December 18, 2008. Galloway Township has a balance of $1,675,194.34 as of July 17, 2008. The Township commits to spending this balance prior to July 17, 2012 in accordance with the provisions included in this plan and the Fair Share Plan.

Appendix A – Resolution #28-2005

RESOLUTION #28 OF 2005

RESOLUTION BY GALLOWAY TOWNSHIP WITH INTENT TO BOND FOR UNANTICIPATED SHORTFALL IN FUNDING FOR THE AFFORDABLE HOUSING PROGRAM

WHEREAS, Galloway Township has petitioned the Council on Affordable Housing (COAH) for substantive certification; and

WHEREAS, COAH has determined that the Township must allocate funds for administrative costs involved in the administration of the Housing Trust Fund, rendering units more affordable, and rehabilitation of deficient housing units.

WHEREAS, Galloway Township anticipates that funding will come from the following sources to satisfy said obligation: a development fee ordinance; and

WHEREAS, in the event that the above funding sources prove inadequate to meet Galloway Township's funding obligation, the Township shall provide sufficient funding to make up any shortfalls.

NOW THEREFORE BE IT RESOLVED by the governing body of the Township of Galloway , County of Atlantic, State of New Jersey, that the governing body does hereby agree to fund any shortfalls in its affordable housing program that may arise either due to inadequate funding from any other sources, or for any other reason; and

BE IT FURTHER RESOLVED that said shortfalls shall be funded by bonding or any other vehicle, which the governing body deems reasonable, and appropriate to meet said needs.

Certified as true copy of a Resolution adopted by the Township Council of the Township Of Galloway, County of Atlantic and State of New Jersey on the 11th day of January, 2005.

Township of Galloway

Karen A. Bacon

Karen A. Bacon, Clerk