

ORDINANCE 2085

AN ORDINANCE OF THE BOROUGH OF SOUTH PLAINFIELD, COUNTY OF MIDDLESEX, STATE OF NEW JERSEY, AMENDING AND SUPPLEMENTING CHAPTER 504 OF THE BOROUGH CODE, ENTITLED "AFFORDABLE HOUSING" TO ADDRESS THE REQUIREMENTS OF THE NEW JERSEY FAIR HOUSING ACT AND THE NEW JERSEY UNIFORM HOUSING AFFORDABILITY CONTROLS AS THEY PERTAIN TO COMPLIANCE WITH MUNICIPAL AFFORDABLE HOUSING OBLIGATIONS

WHEREAS, the South Plainfield Planning Board adopted the Borough of South Plainfield Housing Plan Element and Fair Share Plan on July 25, 2017, and the Borough of South Plainfield Council endorsed the same on September 5, 2017.

WHEREAS, the Borough of South Plainfield Council adopted Ordinance 1867 to implement and incorporate the originally adopted and originally endorsed 2008 Housing Element and Fair Share Plan and to address the requirements of N.J.A.C. 5:93-1, et seq., as amended and supplemented, N.J.A.C.5:80-26.1, et seq. as amended and supplemented, and the New Jersey Fair Housing Act of 1985.

WHEREAS, it has become necessary to repeal Ordinance 1867 and readopt this new Ordinance to implement and incorporate the adopted and endorsed 2017 Housing Element and Fair Share Plan and to address the requirements of N.J.A.C. 5:93-1, et seq., as amended and supplemented, N.J.A.C.5:80-26.1, et seq. as amended and supplemented, and the New Jersey Fair Housing Act of 1985.

WHEREAS, this Ordinance is intended to provide assurances that low- and moderate-income units ("affordable units") are created with controls on affordability over time and that low- and moderate-income households shall occupy those units and sets forth the administrative mechanisms necessary to implement the Borough's revised Fair Share Plan.

BE IT ORDAINED, by the Mayor and Council of the Borough of South Plainfield in the County of Middlesex and State of New Jersey as follows:

SECTION 1. Chapter 125, entitled "Affordable Housing," is hereby repealed in its entirety.

SECTION 2. Chapter 504, entitled "Affordable Housing," is hereby repealed and replaced in its entirety with the following:

1. Purpose and Applicability

- A. Purpose. The purpose of these provisions is to provide a realistic opportunity for the construction of the Borough of South Plainfield's constitutional obligation to provide for its fair share of affordable housing for households with low- and moderate-incomes, as directed by the Superior Court and is consistent with N.J.A.C. 5:80-26.1, et seq. and N.J.S.A. 52:27D-301 et seq.
- B. Applicability. The provisions of this Ordinance shall apply:
 - (1) To all affordable housing developments and affordable housing units that currently exist within the Borough of South Plainfield;
 - (2) To all affordable housing developments and affordable housing units that are proposed to be created pursuant to the Borough of South Plainfield's Housing Element and Fair Share Plan;

- (3) To all other affordable housing developments and housing units that are created pursuant to actions by the Borough of South Plainfield, its Planning Board, or its Zoning Board of Adjustment

2. **Definitions**

The following terms, when used in this Ordinance, shall have the following meanings:

“Act” means the Fair Housing Act of 1985, P.L. 1985, c. 222 (N.J.S.A. 52:27D-301 et seq.)

“Adaptable” means constructed in compliance with the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7.

“Administrative Agent” means the entity designated by the Borough to administer affordable units in accordance with this Ordinance, N.J.A.C. 5:93, and UHAC (N.J.A.C. 5:80-26).

“Affirmative marketing” means a regional marketing strategy designed to attract buyers and/or renters of affordable units pursuant to N.J.A.C. 5:80-26.15.

“Affordability average” means the average percentage of median income at which new restricted units in an affordable housing development are affordable to low- and moderate-income households.

“Affordable” means, a sales price or rent level that is within the means of a low- or moderate-income household as defined within N.J.A.C. 5:93-7.4, and, in the case of an ownership unit, that the sales price for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.6, as may be amended and supplemented, and, in the case of a rental unit, that the rent for the unit conforms to the standards set forth in N.J.A.C. 5:80-26.12, as may be amended and supplemented.

“Affordable housing development” means a development included in or approved pursuant to the Housing Element and Fair Share Plan or otherwise intended to address the Borough's fair share obligation, and includes, but is not limited to, an inclusionary development, a municipal construction project, or a 100 percent affordable housing development.

“Affordable housing program(s)” means any mechanism in a municipal Fair Share Plan prepared or implemented to address a municipality's fair share obligation.

“Affordable unit” means a housing unit proposed or created pursuant to the Act and approved for crediting by COAH, its successor entity, or the Court and/or funded through an affordable housing trust fund.

“Agency” means the New Jersey Housing and Mortgage Finance Agency established by P.L. 1983, c. 530 (N.J.S.A. 55:14K-1, et seq.).

“Age-restricted unit” means a housing unit designed to meet the needs of, and exclusively for, the residents of an age-restricted segment of the population such that: 1) all the residents of the development wherein the unit is situated are 62 years of age or older; or 2) at least 80 percent of the units are occupied by one person who is 55 years of age or older; or 3) the development has been designated by the Secretary of the U.S. Department of Housing and Urban Development as

“housing for older persons” as defined in Section 807(b)(2) of the Fair Housing Act, 42 U.S.C. § 3607.

"Alternative living arrangement" means a structure in which households live in distinct bedrooms, yet share kitchen and plumbing facilities, central heat and common areas. Alternative living arrangements include, but are not limited to: transitional facilities for the homeless; Class A, B, C, D and E boarding homes as regulated by the DCA; residential health care facilities as regulated by the New Jersey Department of Health; group homes for the developmentally disabled and mentally ill as licensed and/or regulated by the New Jersey Department of Human Services; and congregate living arrangements.

“Assisted living residence” means a facility that is licensed by the New Jersey Department of Health and Senior Services to provide apartment-style housing and congregate dining and to assure that assisted living services are available when needed for four or more adult persons unrelated to the proprietor and that offers units containing, at a minimum, one unfurnished room, a private bathroom, a kitchenette and a lockable door on the unit entrance.

“Certified household” means a household that has been certified by an Administrative Agent as a low-income household or moderate-income household.

“COAH” means the Council on Affordable Housing, as established by the New Jersey Fair Housing Act (N.J.S.A. 52:27D-301, et seq.) or its successor entity.

“DCA” means the State of New Jersey Department of Community Affairs.

“Deficient housing unit” means a housing unit with health and safety code violations that requires the repair or replacement of a major system. A major system includes weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement and/or load bearing structural systems.

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

“Development” means the division of a parcel of land into two or more parcels, the construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any use or change in the use of any building or other structure, or of any mining, excavation or landfill, and any use or change in the use of any building or other structure, or land or extension of use of land, for which permission may be required pursuant to N.J.S.A. 40:55D-1, et seq.

“Development fee” means money paid by a developer for the improvement of property as permitted in Holmdel Builder’s Association v. Holmdel Township. 121 NJ 550 (1990).

“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.

“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.

“Inclusionary development” means a development containing both affordable units and market rate units. This term includes, but is not limited to: new construction, the conversion of a non-residential structure to residential use, and the creation of new affordable units through the gut rehabilitation or reconstruction of a vacant residential structure.

“Low-income household” means a household with a total gross annual household income equal to 50 percent or less of the regional median income per household by household size.

“Low-income unit” means a restricted unit that is affordable to a low-income household.

“Major system” means the primary structural, mechanical, plumbing, electrical, fire protection, or occupant service components of a building which include but are not limited to, weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement and load bearing structural systems.

“Market-rate units” means housing not restricted to low- and moderate-income households that may sell or rent at any price.

“Median income” means the median income by household size for the applicable housing region, as adopted annually by COAH or a successor entity approved by the Court.

“Moderate-income household” means a household with a total gross annual household income in excess of 50 percent but less than 80 percent of the regional median income per household by household size.

“Moderate-income unit” means a restricted unit that is affordable to a moderate-income household.

“Multifamily Residential Development” means a residential development that is located in buildings that contain five (5) or more dwelling units, including, but not limited to, dwelling units that are located one over another, garden apartments, townhouse developments, multistory apartment or condominium buildings, and mixed-use developments containing a combination of non-residential and residential uses.

“Non-exempt sale” means any sale or transfer of ownership other than the transfer of ownership between husband and wife; the transfer of ownership between former spouses ordered as a result of a judicial decree of divorce or judicial separation, but not including sales to third parties; the transfer of ownership between family members as a result of inheritance; the transfer of ownership through an executor’s deed to a class A beneficiary and the transfer of ownership by court order.

“Random selection process” means a process by which currently income-eligible households are selected for placement in affordable housing units such that no preference is given to one

applicant over another except for purposes of matching household income and size with an appropriately priced and sized affordable unit (e.g., by lottery).

“Regional asset limit” means the maximum housing value in each housing region affordable to a four-person household with an income at 80 percent of the regional median as defined by duly adopted Regional Income Limits published annually by COAH or a successor entity.

“Rehabilitation” means the repair, renovation, alteration or reconstruction of any building or structure, pursuant to the Rehabilitation Subcode, N.J.A.C. 5:23-6.

“Rent” means the gross monthly cost of a rental unit to the tenant, including the rent paid to the property owner, as well as an allowance for tenant-paid utilities computed in accordance with allowances published by DCA for its Section 8 program. In assisted living residences, rent does not include charges for food and services.

“Restricted unit” means a dwelling unit, whether a rental unit or an ownership unit, that is subject to the affordability controls of N.J.A.C. 5:80-26.1, as amended and supplemented, but does not include a market-rate unit financed under UHORP or MONI.

“UHAC” means the Uniform Housing Affordability Controls set forth in N.J.A.C. 5:80-26, et seq.

“Very low-income household” means a household with a total gross annual household income equal to 30 percent or less of the regional median income per household by household size for the applicable housing region.

“Very low-income unit” means a restricted unit that is affordable to a very low-income household.

“Weatherization” means building insulation (for attic, exterior walls and crawl space), siding to improve energy efficiency, replacement storm windows, replacement storm doors, replacement windows and replacement doors, and is considered a major system for purposes of a rehabilitation program.

3. Requirement for Affordable Housing in Multifamily Residential Developments

A. If the Borough permits the construction of multi-family or single-family attached residential development that is “approvable” and “developable,” as defined at N.J.A.C. 5:93-1.3, at a gross residential density of six (6) or more units per acre, the Borough shall require that an appropriate percentage of the residential units be set-aside for low- and moderate-income households. For inclusionary projects in which the low and moderate units are to be offered for sale, the appropriate set-aside percentage is 20 percent; for projects in which the low and moderate income units are to be offered for rent, the appropriate set-aside percentage is 15 percent.

(1) This requirement shall apply to any multi-family or single-family attached residential development, including the residential portion of a mixed-use project, which consists of five (5) or more new residential units, whether permitted by a zoning amendment, a variance granted by the Borough’s Land Use Board, or adoption of a Redevelopment Plan or amended Redevelopment Plan in areas in need of redevelopment or rehabilitation.

- (2) In any such development for which the Borough's land use ordinances or an adopted Redevelopment Plan already permitted residential development as of February 6, 2017, this requirement shall only apply if the Borough permits an increase in approvable and developable gross residential density to at least twice the permitted approvable and developable gross residential density as of the effective date of this Agreement.
- B. When calculating the set-aside requirement for a particular site, if the imposition of the required set-aside requirement results in a fractional unit, the requirement shall be rounded up to the next whole number. For example, in the case of a fifteen (15)-unit multifamily rental development, a total of three (3) affordable units would be required (n.b., 15 units × 15 percent set-aside requirement = 2.25 affordable units required, which is rounded up to 3 affordable units required)
 - C. Nothing in this section precludes the Borough from imposing an affordable housing set-aside requirement on a development that is not required to have an affordable housing set-aside pursuant to this section, when such imposition is consistent with N.J.S.A. 52:27D-311(h) and other applicable law.
 - D. This affordable housing set-aside requirement shall not create any entitlement to a special dispensation or approval for a property owner or applicant for a zoning amendment, variance, or adoption of a Redevelopment Plan or amended Redevelopment Plan.
 - E. This affordable housing set-aside requirement shall not apply to any sites or specific zones identified in the Borough's Housing Element and Fair Share Plan or the settlement agreement between the Borough and Fair Share Housing Center, Inc., which was signed and dated February 6, 2017. For such sites, density and set-aside standards shall be governed by the specific standards set forth therein.
 - F. This affordable housing set-aside requirement shall not apply to developments containing four (4) or less dwelling units.
 - G. All subdivision and site plan approvals of qualifying residential developments shall be conditioned upon compliance with the provisions of this section.
 - H. Where a developer demolishes existing dwelling units and builds new dwelling units on the same site, the provisions of this section shall apply only if the net number of dwelling units is five (5) or more units.
 - I. If the developer of the inclusionary or multifamily dwelling unit development desires to construct less than the required number of affordable units onsite, the developer may provide a payment-in-lieu-of-construction to the Borough. Such payments-in-lieu-of-construction shall be deposited into the Borough's Affordable Housing Trust Fund and shall be equal to equal to \$25,000 for each of the required affordable units that is not constructed onsite. Fifty (50) percent of the total dollar amount of payments-in-lieu-of-construction must be paid prior to the issuance of the first building permit for the development, and the balance must be paid prior to issuance of the first certificate of occupancy for the development. The collection, administration, and use of the payments-in-lieu-of-construction collected shall be governed by N.J.A.C. 5:93-8 and the Borough's development fee ordinance.

4. Certificates of Occupancy

Certificates of occupancy for developments that include affordable housing units shall be subject to the following additional provisions:

- A. Phasing Schedule for Inclusionary Development. Affordable housing units shall be built, occupied, and receive certificates of occupancy in accordance with the following schedule:

Maximum Percentage of Market-Rate Units Completed	Minimum Percentage of Low- and Moderate-Income Units Completed
25	0
25+1	10
50	50
75	75
90	100

- B. No initial occupancy of a low- or moderate-income housing sales unit shall be permitted prior to issuance of a certificate of occupancy, and no certificate of occupancy for initial occupancy of a low- or moderate-income housing sales unit shall issue unless there is a written determination by the Administrative Agent that the unit is to be controlled by a deed restriction and mortgage lien as required by UHAC.
- C. A certificate of reoccupancy for any occupancy of a low- or moderate-income housing sales unit resulting from a resale shall be required, and the Borough shall not issue such certificate unless there is a written determination by the Administrative Agent that the unit is to be controlled by the deed restriction and mortgage lien required by UHAC.
- D. The certificate of reoccupancy shall not be required where there is a written determination by the Administrative Agent that controls are allowed to expire or that the repayment option is being exercised pursuant to N.J.A.C. 5:92-12.3.

5. Administration

- A. Municipal Housing Liaison
- (1) The Borough of South Plainfield shall appoint a specific municipal employee to serve as the Municipal Housing Liaison, responsible for administering the affordable housing program, including affordability controls, the Affirmative Marketing Plan, monitoring and reporting, and, where applicable, supervising any contracted Administrative Agent. The Borough of South Plainfield shall adopt a Resolution appointing a Municipal Housing Liaison. The Municipal Housing Liaison shall be appointed by the governing body and may be a full or part time municipal employee. The Municipal Housing Liaison shall be approved by COAH, its successor entity, or the Court, and shall be duly qualified through a training program sponsored by the Affordable Housing Professionals of New Jersey before assuming the duties of the Municipal Housing Liaison.
 - (2) The Municipal Housing Liaison shall be responsible for oversight and administration of the affordable housing program for the Borough of South Plainfield, including the following responsibilities, which may not be contracted out to the Administrative Agent:
 - (a) Serving as the Borough of South Plainfield's primary point of contact for all inquiries from the State, affordable housing providers, Administrative Agents, and interested households;
 - (b) Monitoring the status of all restricted units in the Borough of South Plainfield's Fair Share Plan;
 - (c) Compiling, verifying, submitting, and posting all of the required annual monitoring reports in accordance with all applicable Statutes and Regulations in effect at the time;

- (d) Coordinating meetings with affordable housing providers and Administrative Agents, as needed; and,
 - (e) Attending continuing education opportunities on affordability controls, compliance monitoring, and affirmative marketing at least annually and more often as needed.
- (3) Subject to the approval of COAH, its successor entity, or the Court, the Borough of South Plainfield shall designate one or more Administrative Agent(s) to administer newly constructed affordable units in accordance with the UHAC. An Operating Manual for each affordable housing program shall be provided by the Administrative Agent(s) to be adopted by resolution of the governing body and subject to approval of COAH, its successor entity, or the Court. The Operating Manual(s) shall be available for public inspection in the office of the Borough Clerk, in the office of the Municipal Housing Liaison, and in the office(s) of the Administrative Agent(s). The Municipal Housing Liaison shall supervise the contracting Administrative Agent(s).

B. Administrative Agent

- (1) The Administrative Agent shall be an independent entity serving under contract and reporting to the municipality. The fees of the Administrative Agent shall be paid by the owners of the affordable units for which the services of the Administrative Agent are required. The Administrative Agent shall perform the duties and responsibilities of an Administrative Agent as set forth in the UHAC, including those set forth in Sections 5:80-26.14, 16 and 18 thereof, which include:
- (a) Affirmative Marketing:
 - [1] Conducting an outreach process to affirmatively market affordable housing units in accordance with the Affirmative Marketing Plan of the Borough of South Plainfield and the provisions of N.J.A.C. 5:80-26.15; and,
 - [2] Providing counseling or contracting to provide counseling services to low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.
 - (b) Household Certification:
 - [1] Soliciting, scheduling, conducting and following up on interviews with interested households;
 - [2] Conducting interviews and obtaining sufficient documentation of gross income and assets upon which to base a determination of income eligibility for a low- or moderate-income unit;
 - [3] Providing written notification to each applicant as to the determination of eligibility or non-eligibility;
 - [4] Requiring that all certified applicants for restricted units execute a certificate substantially in the form, as applicable, of either the ownership or rental certificates set forth in Appendices J and K of N.J.A.C. 5:80-26.1 et seq.;
 - [5] Creating and maintaining a referral list of eligible applicant households living in the housing region and eligible applicant households with members working in the housing region where the units are located; and,

- [6] Employing a random selection process as provided in the Affirmative Marketing Plan of the Borough of South Plainfield when referring households for certification to affordable units.
- (c) Affordability Controls:
- [1] Furnishing to attorneys or closing agents forms of deed restrictions and mortgages for recording at the time of conveyance of title of each restricted unit;
 - [2] Creating and maintaining a file on each restricted unit for its control period, including the recorded deed with restrictions, recorded mortgage and note, as appropriate;
 - [3] Ensuring that the removal of the deed restrictions and cancellation of the mortgage note are effectuated and properly filed with the Middlesex County Register of Deeds or Middlesex County Clerk's office after the termination of the affordability controls for each restricted unit;
 - [4] Communicating with lenders regarding foreclosures; and,
 - [5] Ensuring the issuance of Continuing Certificates of Occupancy or certifications pursuant to N.J.A.C. 5:80-26.10.
- (d) Resales and Re-rentals:
- [1] Instituting and maintaining an effective means of communicating information between owners and the Administrative Agent regarding the availability of restricted units for resale or re-rental; and,
 - [2] Instituting and maintaining an effective means of communicating information to low- and moderate-income households regarding the availability of restricted units for resale or re-rental.
- (e) Processing Requests from Unit Owners:
- [1] Reviewing and approving requests for determination from owners of restricted units who wish to take out home equity loans or refinance during the term of their ownership that the amount of indebtedness to be incurred will not violate the terms of this Ordinance;
 - [2] Reviewing and approving requests to increase sales prices from owners of restricted units who wish to make capital improvements to the units that would affect the selling price, such authorizations to be limited to those improvements resulting in additional bedrooms or bathrooms and the depreciated cost of central air conditioning systems;
 - [3] Notifying the municipality of an owner's intent to sell a restricted unit; and,
 - [4] Making determinations on requests by owners of restricted units for hardship waivers.
- (f) Enforcement:
- [1] Securing annually from the municipality a list of all affordable housing units for which tax bills are mailed to absentee owners, and notifying all such owners that they must either move back to their unit or sell it;

- [2] Securing from all developers and sponsors of restricted units, at the earliest point of contact in the processing of the project or development, written acknowledgement of the requirement that no restricted unit can be offered, or in any other way committed, to any person, other than a household duly certified to the unit by the Administrative Agent;
 - [3] The posting annually in all rental properties, including two-family homes, of a notice as to the maximum permitted rent together with the telephone number of the Administrative Agent where complaints of excess rent or other charges can be made;
 - [4] Sending annual mailings to all owners of affordable dwelling units, reminding them of the notices and requirements outlined in N.J.A.C. 5:80-26.18(d)4;
 - [5] Establishing a program for diverting unlawful rent payments to the municipality's Affordable Housing Trust Fund; and,
 - [6] Creating and publishing a written operating manual for each affordable housing program administered by the Administrative Agent, to be approved by the Borough Council and COAH, its successor entity, or the Court, setting forth procedures for administering the affordability controls.
- (g) Additional Responsibilities:
- [1] The Administrative Agent shall have the authority to take all actions necessary and appropriate to carry out its responsibilities hereunder;
 - [2] The Administrative Agent shall prepare monitoring reports for submission to the Municipal Housing Liaison in time to meet any monitoring requirements and deadlines imposed by COAH, its successor entity, or the Court; and,
 - [3] The Administrative Agent shall attend continuing education sessions on affordability controls, compliance monitoring, and affirmative marketing at least annually and more often as needed.

C. Affirmative Marketing Requirements

- (1) The Borough of South Plainfield shall adopt by resolution an Affirmative Marketing Plan, subject to approval of COAH, its successor entity, or the Court, which is compliant with N.J.A.C. 5:80-26.15, as may be amended and supplemented.
- (2) The Affirmative Marketing Plan is a regional marketing strategy designed to attract buyers and/or renters of all majority and minority groups, regardless of: race; creed; color; national origin; ancestry; marital or familial status; gender; affectional or sexual orientation; disability; age; or, number of children, to housing units that are being marketed by a developer, sponsor, or owner of affordable housing. The Affirmative Marketing Plan is intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. The Affirmative Marketing Plan is a continuing program that directs marketing activities toward Housing Region 3 and shall be followed throughout the period of restriction.

- (3) The Affirmative Marketing Plan shall provide a regional preference for all households that live and/or work in Housing Region 3, comprised of Hunterdon, Middlesex and Somerset counties.
- (4) The municipality has the ultimate responsibility for adopting the Affirmative Marketing Plan and for the proper administration of the Affirmative Marketing Program, including initial sales and rentals and resales and re-rentals. The Administrative Agent designated by the Borough shall implement the Affirmative Marketing Plan to assure the affirmative marketing of all affordable units.
- (5) In implementing the Affirmative Marketing Plan, the Administrative Agent shall provide a list of counseling services to low- and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.
- (6) The Affirmative Marketing Plan shall describe the media to be used in advertising and publicizing the availability of housing. In implementing the Affirmative Marketing Plan, the Administrative Agent shall consider the use of language translations where appropriate.
- (7) The affirmative marketing process for available affordable units shall begin at least four months (i.e., 120 days) prior to the expected date of occupancy.
- (8) Applications for affordable housing shall be available at the Borough of South Plainfield Municipal Building, the South Plainfield Public Library, the developer's sales office, the Middlesex and Somerset Administration Buildings, and at the Middlesex, Somerset, and Hunterdon County Library Headquarters. Applications shall be mailed to prospective applicants upon request.
- (9) The costs of advertising and affirmative marketing of the affordable units shall be the responsibility of the developer, sponsor, or owner.

D. Occupancy Standards

- (1) In referring certified households to specific restricted units, the Administrative Agent shall, to the extent feasible and without causing an undue delay in the occupancy of a unit, strive to:
 - (a) Provide an occupant for each bedroom;
 - (b) Provide children of different sexes with separate bedrooms;
 - (c) Provide separate bedrooms for parents and children; and,
 - (d) Prevent more than two persons from occupying a single bedroom.

E. Control Periods for Restricted Ownership Units and Enforcement Mechanisms

- (1) Control periods for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.5, as may be amended and supplemented, and each restricted ownership unit shall remain subject to the requirements of this Ordinance for a period of at least thirty (30) years, until the Borough of South Plainfield takes action to release the unit from such requirements; prior to such action, a restricted ownership unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.
- (2) The affordability control period for a restricted ownership unit shall commence on the date the initial certified household takes title to the unit.
- (3) Prior to the issuance of the initial certificate of occupancy for a restricted ownership unit and upon each successive sale during the period of restricted ownership, the Administrative Agent shall determine the restricted price for the unit and shall also determine the non-restricted, fair market value of the unit

based on either an appraisal or the unit's equalized assessed value without the restrictions in place.

- (4) At the time of the initial sale of the unit, the initial purchaser shall execute and deliver to the Administrative Agent a recapture note obligating the purchaser (as well as the purchaser's heirs, successors, and assigns) to repay, upon the first non-exempt sale after the unit's release from the restrictions set forth in this Ordinance, an amount equal to the difference between the unit's non-restricted fair market value and its restricted price. The recapture note shall be secured by a recapture lien evidenced by a duly recorded mortgage on the unit.
- (5) The affordability controls set forth in this Ordinance shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to restricted ownership units.
- (6) A restricted ownership unit shall be required to obtain a Continuing Certificate of Occupancy or a certified statement from the Construction Official stating that the unit meets all Code standards upon the first transfer of title following the removal of the restrictions provided under N.J.A.C. 5:80-26.5(a), as may be amended and supplemented.

F. Price Restrictions for Restricted Ownership Units, Homeowner Association Fees and Resale Prices

- (1) Price restrictions for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, including:
 - (a) The initial purchase price for a restricted ownership unit shall be approved by the Administrative Agent;
 - (b) The Administrative Agent shall approve all resale prices, in writing and in advance of the resale, to assure compliance with the foregoing standards;
 - (c) The master deeds of inclusionary developments shall provide no distinction between the condominium or homeowner association fees and special assessments paid by low- and moderate-income purchasers and those paid by market purchasers; and,
 - (d) The owners of restricted ownership units may apply to the Administrative Agent to increase the maximum sales price for the unit based on anticipated capital improvements. Eligible capital improvements shall be those that render the unit suitable for a larger household or the addition of a bathroom.

G. Buyer Income Eligibility

- (1) Buyer income eligibility for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, such that low-income ownership units shall be reserved for households with a gross household income less than or equal to 50 percent of median income and moderate-income ownership units shall be reserved for households with a gross household income less than 80 percent of median income.
- (2) Notwithstanding the foregoing, however, the Administrative Agent may, upon approval by the Borough Council, and subject to the Court's approval, permit moderate-income purchasers to buy low-income units in housing markets if the Administrative Agent determines that there is an insufficient number of eligible low-income purchasers to permit prompt occupancy of the units. All such low-income units to be sold to moderate-income households shall retain the required pricing and pricing restrictions for low-income units.

- (3) A certified household that purchases a restricted ownership unit must occupy it as the certified household's principal residence and shall not lease the unit; provided, however, that the Administrative Agent may permit the owner of a restricted ownership unit, upon application and a showing of hardship, to lease the restricted unit to another certified household for a period not to exceed one year.
 - (4) The Administrative Agent shall certify a household as eligible for a restricted ownership unit when the household is a low-income household or a moderate-income household, as applicable to the unit, and the estimated monthly housing cost for the particular unit (including principal, interest, taxes, homeowner and private mortgage insurance, and condominium or homeowner association fees, as applicable) does not exceed 33 percent of the household's eligible monthly income.
- H. Limitations on Indebtedness Secured by Ownership Unit, Subordination
- (1) Prior to incurring any indebtedness to be secured by a restricted ownership unit, the owner shall apply to the Administrative Agent for a determination in writing that the proposed indebtedness complies with the provisions of this Section, and the Administrative Agent shall issue such determination prior to the owner incurring such indebtedness.
 - (2) With the exception of First Purchase Money Mortgages, neither an owner nor a lender shall at any time cause or permit the total indebtedness secured by a restricted ownership unit to exceed 95 percent of the maximum allowable resale price of the unit, as such price is determined by the Administrative Agent in accordance with N.J.A.C.5:80-26.6(b).
- I. Capital Improvements to Ownership Units
- (1) The owners of restricted ownership units may apply to the Administrative Agent to increase the maximum sales price for the unit based on capital improvements made since the purchase of the unit. Eligible capital improvements shall be those that render the unit suitable for a larger household or that add an additional bathroom. In no event shall the maximum sales price of an improved housing unit exceed the limits of affordability for the larger household.
 - (2) Upon the resale of a restricted ownership unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (e.g., refrigerator, range, washer, dryer, dishwasher, wall-to-wall carpeting) shall be included in the maximum allowable resale price. Other items may be sold to the purchaser at a reasonable price that has been approved by the Administrative Agent at the time of the signing of the agreement to purchase. The purchase of central air conditioning installed subsequent to the initial sale of the unit and not included in the base price may be made a condition of the unit resale provided the price, which shall be subject to 10-year, straight-line depreciation, has been approved by the Administrative Agent. Unless otherwise approved by the Administrative Agent, the purchase of any property other than central air conditioning shall not be made a condition of the unit resale. The owner and the purchaser must personally certify at the time of closing that no unapproved transfer of funds for selling and receiving property has taken place at the time of or as a condition of resale.
- J. Control Periods for Restricted Rental Units

- (1) Control periods for restricted rental units shall be in accordance with N.J.A.C. 5:80-26.11, as may be amended and supplemented, and each restricted rental unit shall remain subject to the requirements of this Ordinance for a period of at least thirty (30) years, until the Borough of South Plainfield takes action to release the unit from such requirements. Prior to such action, a restricted rental unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.
 - (a) The control period for restricted rental units in the following developments shall be at least fifty (50) years, until the Borough of South Plainfield takes action to release the unit from control requirements:
 - [1] Harris Steel/Tyler Properties (Site 7 in the Borough of South Plainfield Housing Plan Element and Fair Share Plan)
 - [2] Motorola Site (Site 9 in the Borough of South Plainfield Housing Plan Element and Fair Share Plan)
- (2) Deeds of all real property that include restricted rental units shall contain deed restriction language. The deed restriction shall have priority over all mortgages on the property, and the deed restriction shall be filed by the developer or seller with the records office of Middlesex County. A copy of the filed document shall be provided to the Administrative Agent within 30 days of the receipt of a Certificate of Occupancy.
- (3) A restricted rental unit shall remain subject to the affordability controls of this Ordinance despite the occurrence of any of the following events:
 - (a) Sublease or assignment of the lease of the unit;
 - (b) Sale or other voluntary transfer of the ownership of the unit; or,
 - (c) The entry and enforcement of any judgment of foreclosure on the property containing the unit.

K. Rent Restrictions for Rental Units, Leases

- (1) A written lease shall be required for all restricted rental units, and tenants shall be responsible for security deposits and the full amount of the rent as stated on the lease. A copy of the current lease for each restricted rental unit shall be provided to the Administrative Agent.
- (2) No additional fees or charges shall be added to the approved rent (except, in the case of units in an assisted living residence, to cover the customary charges for food and services) without the express written approval of the Administrative Agent.
- (3) Application fees (including the charge for any credit check) shall not exceed five percent of the monthly rent of the applicable restricted unit and shall be payable to the Administrative Agent to be applied to the costs of administering the controls applicable to the unit as set forth in this Ordinance.
- (4) No rent control ordinance or other pricing restriction shall be applicable to either the market units or the affordable units in any development in which at least 15 percent of the total number of dwelling units are restricted rental units in compliance with this Ordinance.

L. Tenant Income Eligibility

- (1) Tenant income eligibility shall be in accordance with N.J.A.C. 5:80-26.13, as may be amended and supplemented, and shall be determined, as follows:

- (a) Very low-income rental units shall be reserved for households with a gross household income less than or equal to 30 percent of median income;
 - (b) Low-income rental units shall be reserved for households with a gross household income less than or equal to 50 percent of median income; and,
 - (c) Moderate-income rental units shall be reserved for households with a gross household income less than 80 percent of median income.
- (2) The Administrative Agent shall certify a household as eligible for a restricted rental unit when the household is a very low-income household, low-income household, or a moderate-income household, as applicable to the unit, and the rent proposed for the unit does not exceed 35 percent (40 percent for age-restricted units) of the household's eligible monthly income as determined pursuant to N.J.A.C. 5:80-26.16, as may be amended and supplemented; provided, however, that this limit may be exceeded if one or more of the following circumstances exists:
- (a) The household currently pays more than 35 percent (40 percent for households eligible for age-restricted units) of its gross household income for rent, and the proposed rent will reduce its housing costs;
 - (b) The household has consistently paid more than 35 percent (40 percent for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;
 - (c) The household is currently in substandard or overcrowded living conditions;
 - (d) The household documents the existence of assets with which the household proposes to supplement the rent payments; or,
 - (e) The household documents reliable anticipated third-party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the owner of the unit.
- (3) The applicant shall file documentation sufficient to establish the existence of the circumstances enumerated in this subsection with the Administrative Agent, who shall counsel the household on budgeting.

M. Maximum Rents and Sales Prices:

- (1) In establishing rents and sales prices of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established by COAH or a successor entity.
- (2) The maximum rent for restricted rental units within each affordable development shall be affordable to households earning no more than 60 percent of median income, and the average rent for restricted rental units shall be affordable to households earning no more than 52 percent of median income.
- (3) The developers and/or municipal sponsors of restricted rental units shall establish at least one rent for each bedroom type for both low-income and moderate-income units, provided that at least 10 percent of all low- and moderate-income rental units shall be affordable to very low-income households, earning 30 percent or less of the regional median household income.
- (4) The maximum sales price of restricted ownership units within each affordable development shall be affordable to households earning no more than 70 percent of median income, and each affordable development must achieve an

affordability average of 55 percent for restricted ownership units; in achieving this affordability average, moderate-income ownership units must be available for at least three different sales prices for each bedroom type, and low-income ownership units must be available for at least two different sales prices for each bedroom type.

- (5) In determining the initial sales prices and rent levels for compliance with the affordability average requirements for restricted units other than assisted living facilities and age-restricted developments, the following standards shall be used:
 - (a) A studio shall be affordable to a one-person household;
 - (b) A one-bedroom unit shall be affordable to a one and one-half person household;
 - (c) A two-bedroom unit shall be affordable to a three-person household;
 - (d) A three-bedroom unit shall be affordable to a four and one-half person household; and
 - (e) A four-bedroom unit shall be affordable to a six-person household.
- (6) In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted units in assisted living facilities and age-restricted developments, the following standards shall be used:
 - (a) A studio shall be affordable to a one-person household;
 - (b) A one-bedroom unit shall be affordable to a one and one-half person household; and
 - (c) A two-bedroom unit shall be affordable to a two-person household or to two one-person households.
- (7) The initial purchase price for all restricted ownership units shall be calculated so that the monthly carrying cost of the unit, including principal and interest (based on a mortgage loan equal to 95 percent of the purchase price and the Federal Reserve H.15 rate of interest), taxes, homeowner and private mortgage insurance and condominium or homeowner association fees do not exceed 28 percent of the eligible monthly income of the appropriate size household as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the price shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.
- (8) The initial rent for a restricted rental unit shall be calculated so as not to exceed 30 percent of the eligible monthly income of the appropriate size household, including an allowance for tenant paid utilities, as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the rent shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.
- (9) The price of owner-occupied low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the Administrative Agent be lower than the last recorded purchase price.
- (10) The rent of low- and moderate-income units may be increased annually based on the permitted percentage increase in the Housing Consumer Price Index for the United States. This increase shall not exceed nine percent in any one year. Rents for units constructed pursuant to low- income housing tax credit regulations shall be indexed pursuant to the regulations governing low- income housing tax credits.

6. Requirements for Affordable Housing

Developments that include affordable housing units shall be subject to the following provisions:

- A. Low-income housing. Low-income housing shall be affordable, according to Federal Department of Housing and Urban Development or other recognized standards for home ownership and rental costs, and occupied or reserved for occupancy by households with a gross household income equal to 50 percent or less of the median gross household income for households of the same size within the housing region in which the housing is located, and subject to affordability controls.
- B. Moderate-income housing. Moderate-income housing shall be affordable, according to Federal Department of Housing and Urban Development or other recognized standards for home ownership and rental costs, and occupied or reserved for occupancy by households with a gross household income equal to or more than 50 percent but less than 80 percent of the median gross household income for households of the same size within the housing region in which the housing is located, and subject to affordability controls.
- C. In accordance with N.J.S.A. 52:27D-329.1 (P.L. 2008, C. 46) at least 13 percent of the affordable units provided within the Borough shall be reserved for very low income households, i.e. households earning 30 percent or less of the median income and of that amount at least 50 percent shall be reserved for very low income families (i.e., non-age restricted and not reserved for special needs populations). For developments with eight (8) or more affordable housing units on site, at least 13 percent of all low- and moderate-income units shall be affordable to households earning no more than 30 percent of median income. A minimum of 50 percent of these units shall be reserved for very low-income families. The very low income housing requirements shall be counted as part of the low-income housing requirement.
- D. Age restriction. The number of affordable housing units that are age restricted to senior citizens shall not exceed 25 percent of the total number of affordable housing units constructed within the Borough, as defined by and in accordance with the Federal Fair Housing Act and as regulated by N.J.A.C. 5:92-14. A request to age restrict housing units may only be granted after the Planning Board or Board of Adjustment has received the consent of the Borough Council. In designing its project, the applicant may propose constructing the senior citizen restricted affordable units in the same building or buildings in order to maximize the potential of preserving a more tranquil lifestyle for the senior citizen resident; and to the foregoing extent, the requirement of integration of the affordable units with conventional units is modified.
- E. Low/Moderate Split and Bedroom Distribution of Affordable Housing Units:
 - (1) The fair share obligation shall be divided equally between low- and moderate-income units, except that where there is an odd number of affordable housing units, the extra unit shall be a low-income unit.
 - (2) In each affordable development, at least 50 percent of the restricted units within each bedroom distribution shall be low- and/or very low-income units
 - (3) Affordable developments that are not age-restricted shall be structured in conjunction with realistic market demands such that:
 - (a) The combined number of efficiency and one-bedroom units is no greater than 20 percent of the total low- and moderate-income units;
 - (b) At least 30 percent of all low- and moderate-income units are two bedroom units;

- (c) At least 20 percent of all low- and moderate-income units are three bedroom units; and,
 - (d) The remainder, if any, may be allocated among two and three bedroom (or larger) units at the discretion of the developer.
 - (4) Affordable developments that are age-restricted shall be structured such that the number of bedrooms shall equal the number of age-restricted low- and moderate-income units within the inclusionary development. The standard may be met by having all one-bedroom units or by having a two-bedroom unit for each efficiency unit.
- F. Location and design. Low- and moderate-income housing shall be designed in accordance with the following provisions:
 - (1) The low- and moderate-income housing units shall be sited on the tract in locations at least as accessible to common open space and community facilities as market-priced dwelling units. Rental units may be concentrated for ownership and management unit reasons.
 - (2) The exterior design of the low- and moderate-income housing units shall be harmonious in scale, texture, and materials with the market-priced units on the tract.
 - (3) Deed restrictions. Developers of housing units for low- and moderate-income households shall enter into a written agreement, binding on all successors-in-interest, in accordance with current COAH regulations or Court requirements for Resale/Rental Control, at the time of sale, resale, rental or re-rental regardless of the availability of Federal, State, County or Borough subsidy programs.
 - (4) In inclusionary developments, to the extent possible, low- and moderate-income units shall be integrated with the market units.
- G. Utilities
 - (1) Affordable units shall utilize the same type of heating source as market units within an inclusionary development.
 - (2) Tenant-paid utilities included in the utility allowance shall be set forth in the lease and shall be consistent with the utility allowance approved by the DCA for its Section 8 program.
- H. Accessibility Requirements
 - (1) The first floor of all restricted townhouse dwelling units and all restricted units in all other multistory buildings shall be subject to the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7 and the following:
 - (a) All restricted townhouse dwelling units and all restricted units in other multistory buildings in which a restricted dwelling unit is attached to at least one other dwelling unit shall have the following features:
 - [1] An adaptable toilet and bathing facility on the first floor; and,
 - [2] An adaptable kitchen on the first floor; and,
 - [3] An interior accessible route of travel on the first floor; and,
 - [4] An adaptable room that can be used as a bedroom, with a door or the casing for the installation of a door, on the first floor; and,
 - [5] If not all of the foregoing requirements in this paragraph can be satisfied, then an interior accessible route of travel must be provided between stories within an individual unit, but if all of the foregoing requirements in this paragraph have been

satisfied, then an interior accessible route of travel shall not be required between stories within an individual unit; and,

[6] An accessible entranceway as set forth at P.L. 2005, c. 350 (N.J.S.A. 52:27D-311a, et seq.) and the Barrier Free Subcode, N.J.A.C. 5:23-7, or evidence that the Borough of South Plainfield has collected funds from the developer sufficient to make 10 percent of the adaptable entrances in the development accessible:

[a] Where a unit has been constructed with an adaptable entrance, upon the request of a disabled person who is purchasing or will reside in the dwelling unit, an accessible entrance shall be installed.

[b] To this end, the builder of restricted units shall deposit funds within the Borough of South Plainfield Affordable Housing Trust Fund sufficient to install accessible entrances in 10 percent of the affordable units that have been constructed with adaptable entrances.

[c] The funds deposited under the terms of this paragraph shall be used by the Borough of South Plainfield for the sole purpose of making the adaptable entrance of an affordable unit accessible when requested to do so by a person with a disability who occupies or intends to occupy the unit and requires an accessible entrance.

[d] The developer of the restricted units shall submit a design plan and cost estimate to the Construction Official of the Borough of South Plainfield for the conversion of adaptable to accessible entrances.

[e] Once the Construction Official has determined that the design plan to convert the unit entrances from adaptable to accessible meet the requirements of the Barrier Free Subcode, N.J.A.C. 5:23-7, and that the cost estimate of such conversion is reasonable, payment shall be made to the Borough of South Plainfield Affordable Housing Trust Fund.

(b) Full compliance with the foregoing provisions shall not be required where an entity can demonstrate that it is "site impracticable" to meet the requirements. Determinations of site impracticability shall comply with the Barrier Free Subcode, N.J.A.C. 5:23-7.

7. Alternative Living Arrangements

- A. The administration of an alternative living arrangement shall be in compliance with N.J.A.C. 5:93-5.8 and the UHAC, with the following exceptions:
- B. Affirmative marketing (N.J.A.C. 5:80-26.15), provided, however, that the units or bedrooms may be affirmatively marketed by the provider in accordance with an alternative plan approved by the Court;
- C. Affordability average and bedroom distribution (N.J.A.C. 5:80-26.3).
- D. With the exception of units established with capital funding through a 20-year operating contract with the Department of Human Services, Division of Developmental Disabilities,

alternative living arrangements shall have at least 30-year controls on affordability in accordance with the UHAC, unless an alternative commitment is approved by the Court.

- E. The service provider for the alternative living arrangement shall act as the Administrative Agent for the purposes of administering the affirmative marketing and affordability requirements for the alternative living arrangement.

8. Enforcement of Affordable Housing Regulations

- A. Upon the occurrence of a breach of any of the regulations governing the affordable unit by an Owner, Developer, or Tenant, the municipality shall have all remedies provided at law or equity, including but not limited to foreclosure, tenant eviction, a requirement for household recertification, acceleration of all sums due under a mortgage, recuperation of any funds from a sale in violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.

- B. After providing written notice of a violation to an Owner, Developer, or Tenant of a low- or moderate-income unit and advising the Owner, Developer or, Tenant of the penalties for such violations, the municipality may take the following action(s) against the Owner, Developer, or Tenant for any violation that remains uncured for a period of 60 days after service of the written notice:

- (1) The municipality may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation, or violations of the regulations governing the affordable housing unit. If the Owner, Developer, or Tenant is adjudged by the Court to have violated any provision of the regulations governing affordable housing units the Owner, Developer, or Tenant shall be subject to one or more of the following penalties, at the discretion of the Court:

- (a) A fine of not more than \$500.00 per day or imprisonment for a period not to exceed 90 days, or both, provided that each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not a continuation of the initial offense;
- (b) In the case of an Owner who has rented a low- or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Borough of South Plainfield Affordable Housing Trust Fund of the gross amount of rent illegally collected;
- (c) In the case of an Owner who has rented a low- or moderate-income unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the Court.

- (2) The municipality may file a court action in the Superior Court seeking a judgment that would result in the termination of the Owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any such judgment shall be enforceable as if the same were a judgment of default of the First Purchase Money Mortgage and shall constitute a lien against the low- or moderate-income unit.

- (a) The judgment shall be enforceable, at the option of the municipality, by means of an execution sale by the Sheriff, at which time the low- and moderate-income unit of the violating Owner shall be sold at a sale price which is not less than the amount necessary to fully satisfy and pay off any First Purchase Money Mortgage and prior liens and the costs of the enforcement proceedings incurred by the municipality, including

attorney's fees. The violating Owner shall have his right to possession terminated as well as his title conveyed pursuant to the Sheriff's sale.

- (b) The proceeds of the Sheriff's sale shall first be applied to satisfy the First Purchase Money Mortgage lien and any prior liens upon the low- and moderate-income unit. The excess, if any, shall be applied to reimburse the municipality for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the municipality in full as previously mentioned, the violating Owner shall be personally responsible for the full extent of such deficiency, in addition to any and all costs incurred by the municipality in connection with collecting such deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the municipality for the Owner and shall be held in such escrow for a maximum period of two (2) years or until such earlier time as the Owner shall make a claim with the municipality for such. Failure of the Owner to claim such balance within the two-year period shall automatically result in a forfeiture of such balance to the municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the municipality, whether such balance shall be paid to the Owner or forfeited to the municipality.
- (c) Foreclosure by the municipality due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as the same apply to the low- and moderate-income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the affordable housing unit. The Owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.
- (d) If there are no bidders at the Sheriff's sale, or if insufficient amounts are bid to satisfy the First Purchase Money Mortgage and any prior liens, the municipality may acquire title to the low- and moderate-income unit by satisfying the First Purchase Money Mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the First Purchase Money Mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the maximum resale price for which the low- and moderate-income unit could have been sold under the terms of the regulations governing affordable housing units. This excess shall be treated in the same manner as the excess that would have been realized from an actual sale, as previously described.
- (e) Failure of the low- and moderate-income unit to be either sold at the Sheriff's sale or acquired by the municipality shall obligate the Owner to accept an offer to purchase from any qualified purchaser which may be referred to the Owner by the municipality, with such offer to purchase being equal to the maximum resale price of the low- and moderate-

income unit as permitted by the regulations governing affordable housing units.

- (f) The Owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions of governing affordable housing units until title is conveyed from the Owner.

9. Appeals

- A. Appeals from all decisions of an Administrative Agent appointed pursuant to this Ordinance shall be filed in writing with the Court.

10. Development Fees

A. Purpose

- (1) 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 on Affordable Housing's (COAH's) adoption of rules.
- (2) Pursuant to P.L. 2008, c. 46, Section 8 (N.J.S.A. 52:27D-329.2) and the Statewide Nonresidential Development Fee Act (N.J.S.A. 40:55D-8.1 through 40:55D-8.7), the Council on Affordable Housing (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 a court of competent jurisdiction and have an approved spending plan may retain fees collected from nonresidential development.
- (3) Pursuant to the March 10, 2015 Supreme Court Order, the Court transferred all functions, powers, and duties to the Courts. Any and all reference to COAH shall mean the Courts.
- (4) This article Ordinance establishes standards for the collection, maintenance, and expenditure of development fees pursuant to COAH's and the Court's regulations and in accordance P.L. 2008, c. 46, Sections 8 and 32 through 38. Fees collected pursuant to this article shall be used for the sole purpose of providing low- and moderate-income housing. This article shall be interpreted within the framework of COAH's rules on development fees, codified at N.J.A.C. 5:97-8.

B. Basic Requirements

- (1) This article shall not be effective until approved by the Court pursuant to N.J.A.C. 5:96-5.1.
- (2) The Borough of South Plainfield shall not spend development fees until the Court 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.

C. Imposition of Affordable Housing Development Fees

(1) Residential Development

- (a) Within the all zoning districts in the Borough of South Plainfield, residential developers, except for developers of the types of development specifically exempted below, shall pay a fee of 1.5% of the equalized assessed value for residential development, provided that no increased density is permitted.

(b) Where an increase in density is permitted through a variance granted pursuant to N.J.S.A. 40:55D-70d(5) or a rezoning, redevelopment plan, or redevelopment plan amendment that is adopted after the effective date of this ordinance, developers shall be required to pay a development fee of six percent (6.0%) of the equalized assessed value for each additional unit that may be realized, except that this provision shall not be applicable to a development that will include a set-aside of affordable housing units. 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.

(2) Nonresidential Development

(a) Within all zoning districts, non-residential developers, except for developers of the types of development specifically exempted below, shall pay a fee equal to two and one-half percent (2.5%) of the equalized assessed value of the land and improvements for all new non-residential construction on an unimproved lot or lots, provided that no increase in floor area is permitted.

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

(c) Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of two and one-half percent (2.5%) shall be calculated on the difference between the equalized assessed value of the preexisting land and improvements and the equalized assessed value of the newly improved structure, i.e. land and improvements, at the time the 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.

(d) Developers that convert any portion of an existing residential structure to a nonresidential use shall pay a development fee of two and one-half percent (2.5%). The development fee shall be calculated based on the increase in the equalized assessed value of the converted structure.

D. Eligible Exactions, Ineligible Exactions, and Exemptions

(1) Residential Development

(a) Developers of low- and moderate-income housing shall be exempt from paying development fees, provided that the minimum number of affordable units required for the development is completed in accordance with this chapter. A payment-in-lieu-of-construction or development fee payment shall only be used to fund affordable housing activities within the Borough in accordance with N.J.A.C. 5:97 or as approved by COAH or the Court.

(b) 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 applicable development fee percentage shall be vested on the date that the building permit is issued.

- (c) Owner-occupied residential structures demolished and replaced because of a fire, flood, or natural disaster shall be exempt from paying a development fee.
- (d) Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee shall be calculated on the increase in the equalized assessed value of the improved structure.
- (e) Development fees shall be imposed and collected when an existing structure undergoes a change to a more intense use, which requires the issuance of a Certificate of Occupancy (for example, when a single-family home is converted to a two-family home or a single-family home is converted to an apartment building). The development fee shall be calculated on the increase in the equalized assessed value of the improved structure.
- (f) Development fees shall be imposed and collected when a Certificate of Occupancy is issued for a new residential unit on a newly created lot that is the result of a subdivision. The development fee shall be calculated on the equalized assessed value of the land and improvements.
- (g) Additions to existing homes and improvements such as decks, patios and like shall be exempt from the payment of a development fee.

(2) Nonresidential Development

- (a) The non-residential portion of a mixed-use inclusionary or market rate development shall be subject to the two and one-half percent (2.5%) development fee, unless otherwise exempted below.
- (b) The two and one-half percent (2.5%) development fee shall not apply to an increase in equalized assessed value resulting from alterations, change in use within the existing building footprint, reconstruction, renovations and repairs.
- (c) 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.
- (d) 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 the development fee at such time as 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 after that event or after the issuance of the final certificate of occupancy for the non-residential development, whichever is later.
- (e) If a property that 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 nonresidential development fees under these circumstances may be enforceable by the Borough of South Plainfield as a lien against the real property of the owner.

- (f) Developers that have received final approval prior to the adoption of a municipal development fee ordinance shall be exempt from paying a development fee, unless the developer seeks a substantial change in the approval.
- (g) Exempted from these provisions shall be approvals for the following classes of development:
 - [1] Utility facilities
 - [2] Educational, cultural and outdoor recreational facilities
 - [3] Quasi-public uses, including clubs, lodges and similar uses
 - [4] Public uses
 - [5] Hospital uses

E. Collection of Fees

- (1) 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.
- (2) For non-residential developments only, the developer shall also be provided with a copy of Form N-RDF "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 complete Form N-RDF as per the instructions provided. The construction official shall verify the information submitted by the non-residential developer as per the instructions 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.
- (3) 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 that is subject to a development fee.
- (4) 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.
- (5) The construction official responsible for the issuance of a final certificate of occupancy shall notify the local assessor of any and all requests for the scheduling of a final inspection on property that is subject to a development fee.
- (6) 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 associated with the development; calculate the development fee; and thereafter notify the developer of the amount of the fee.
- (7) Should the Borough of South Plainfield 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).
- (8) Fifty percent (50%) 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.

(9) Appeal of development fees:

(a) 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 the Borough of South Plainfield. 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.

(b) 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 the Borough of South Plainfield. 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.

F. Affordable Housing Trust Fund

(1) There is hereby created a separate, interest-bearing housing trust fund to be maintained by the chief financial officer of the Borough for depositing development fees collected from residential and non-residential developers and proceeds from the sale of units with extinguished controls.

(2) The following additional funds, if collected by the Borough, shall be deposited in the Affordable Housing Trust Fund and shall at all times be identifiable by source and amount:

(a) Payments in lieu of construction of affordable units shall be separately identifiable from other payments in lieu of construction as a sub-account within the Affordable Housing Trust Fund;

(b) Developer contributed funds to make ten percent (10%) of the adaptable entrances in a townhouse or other multistory attached development accessible;

(c) Rental income from municipally operated units;

(d) Repayments from affordable housing program loans;

(e) Recapture funds;

(f) Proceeds from the sale of affordable units; and,

(g) Any other funds collected in connection with the Borough of South Plainfield's affordable housing program.

(3) Within seven days from the opening of the trust fund account, the Borough of South Plainfield shall provide the Court with written authorization, in the form of a three-party escrow agreement between the municipality, the bank, and the Court to permit the Court to direct the disbursement of the funds as provided for in N.J.A.C. 5:97-8.13(b).

- (4) All interest accrued in the housing trust fund shall only be used to fund eligible affordable housing activities approved by the Court.

G. Use of Funds

- (1) The expenditure of all funds shall conform to a spending plan approved by the Court. Funds deposited in the housing trust fund may be used for any activity approved by the Court to address the Borough of South Plainfield'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 maintaining or implementing affordability controls; rehabilitation; new construction of affordable housing units and related costs; accessory apartment, 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 plan.
- (2) Funds shall not be expended to reimburse the Borough of South Plainfield for past affordable housing activities.
- (3) At least thirty percent (30%) 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 (1/3rd) of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning thirty percent (30%) or less of median income by region.
 - (a) Affordability assistance programs may include down payment assistance, security deposit assistance, low interest loans, rental assistance, assistance with homeowner's association or condominium fees and special assessments, and assistance with emergency repairs.
 - (b) 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.
 - (c) 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.
- (4) The Borough of South Plainfield 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.
- (5) No more than twenty percent (20%) 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 twenty percent (20%) 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 the Court'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.

H. Monitoring

- (1) The Borough of South Plainfield shall complete and return to the New Jersey Department of Community Affairs (NJDCA), Local Government Services, all monitoring forms required in connection with 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 its housing program, as well as in connection with the expenditure of revenues and implementation of the plan approved by the Court.
- (2) All monitoring reports shall be completed on forms designed by the NJDCA or successor entity for that purpose.

I. Ongoing Collection of Fees

- (1) The ability for the Borough of South Plainfield to impose, collect and expend development fees shall expire with the end of the repose period covered by its judgment of compliance unless the Borough has filed an adopted Housing Element and Fair Share Plan with the Court or with a designated administrative entity of the State of New Jersey, has petitioned for a judgment of compliance or substantive certification, and has received approval of its development fee ordinance by the entity that will be reviewing the Housing Element and Fair Share Plan.
- (2) If the Borough of South Plainfield fails to renew its ability to impose and collect development fees prior to the expiration of its judgment of compliance, 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, c.222 (C.52:27D-320). The Borough of South Plainfield shall not impose a development fee on a development that receives preliminary or final site plan approval after the expiration of its judgment of compliance, nor shall the Borough retroactively impose a development fee on such a development. The Borough of South Plainfield shall not expend any development fees after the expiration of its judgment of compliance.

SECTION 3. This Ordinance shall be subject to review and recommendation by the Borough of South Plainfield Planning Board in accordance with N.J.S.A. 40:55D-26 and notice requirements of N.J.S.A. 40:55D-62.1.

SECTION 4. All ordinances or parts thereof that are inconsistent with the provisions of this Ordinance are hereby repealed to the extent of their inconsistencies.

SECTION 5. The various parts, sections, and clauses of this Ordinance are hereby declared to be severable. If any part, sentence, paragraph, section, or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of the ordinance shall not be affected thereby.

SECTION 6. This Ordinance shall take effect immediately upon its final passage and publication as required by law and filing with the Middlesex County Planning Board.