

TOWNSHIP OF VERONA THIRD ROUND HOUSING ELEMENT AND FAIR SHARE PLAN

PREPARED BY DMR ARCHITECTS
MAY 2023

ADOPTED BY THE VERONA TOWNSHIP PLANNING BOARD
_____, 2023

ENDORSED BY THE TOWNSHIP COUNCIL
_____, 2023

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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

This Third Round Housing Element and Fair Share Plan (“HEFSP” or “Plan”) has been prepared for the Township of Verona (“Township” or “Verona”) in Essex County, New Jersey, in order to comply with the Settlement Agreement entered into between the Township and Fair Share Housing Center (“FSHC”) executed on March 10, 2021 and the March 10, 2015 NJ Supreme Court Decision In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015), also known as Mount Laurel IV.

An HEFSP is a document required by the New Jersey Fair Housing Act of 1985 (N.J.S.A. 52:27D-301 et seq.) (“FHA”) to be adopted by each municipality in the state to identify and address their respective, allocated need for safe and adequate housing for low- and moderate-income households

The HEFSP establishes the manner and means by which the Township of Verona will satisfy its State-mandated affordable housing or fair share obligation as that obligation is established in the Settlement Agreement. The Fair Share obligation is comprised of three components:

- ▶ The Present Need obligation, which reflects the estimated number of housing units in the Township which are occupied by low- and moderate-income households and are in deteriorated condition that can be corrected through rehabilitation. This obligation is also known as the “Rehabilitation Share”, and the Township’s estimated obligation for this component is **23** units.
- ▶ The “Prior Round” obligation, which reflects the number of affordable housing units the Township was required to create during the period from 1987 to 1999 pursuant to N.J.A.C. 5:93, also known as the “Second Round Rules”, as updated by N.J.A.C. 5:97, The Township’s obligation for this component is **24** units; and
- ▶ The “Third Round Prospective Need” obligation, which reflects the number of affordable units the Township must create to address its share of the “regional” need for low- and moderate-income housing that accumulated between 1999 and 2015 plus the need projected from 2015 through July 1, 2025. This number is **215** units, as established in the March 2018 Decision of the Honorable Judge Jacobson In the Matter of the Application of the Municipality of Princeton, Docket No. MER-L-1550-15 (Law Div. 2018) (“Jacobson Methodology”).

Verona filed for Declaratory Judgment on July 2, 2015 as required by the Mount Laurel IV Decision. Fair Share Housing Center is a New Jersey Supreme Court-designated interested party in the Township’s Declaratory Judgment action as per the Mount Laurel IV decision.

WHAT IS AFFORDABLE HOUSING

In 1975, the New Jersey Supreme Court (“Supreme Court”) ruled in the case of Southern Burlington County NAACP v. The Township of Mount Laurel, now simply referred to as “Mount Laurel I”, that every “developing” municipality in the State of New Jersey has a constitutional obligation to provide a reasonable opportunity for the construction of housing that is affordable to low- and moderate-income households. Eight years later, in 1983, the Supreme Court decided in what is known as “Mount Laurel II” that every municipality, regardless if its stage of development, must provide that opportunity for construction of affordable housing.

Two years after the Mount Laurel II decision, the New Jersey State Legislature adopted the Fair Housing Act which, among other things, created the Council on Affordable Housing (“COAH”) to:

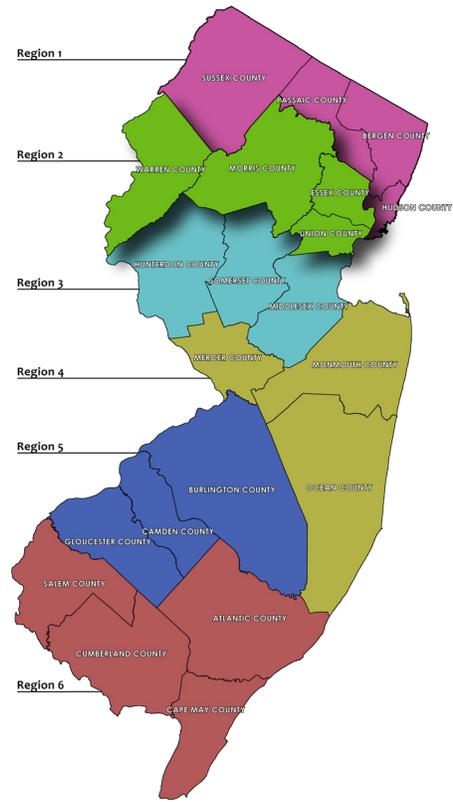
- ▶ Establish housing regions for calculation of housing need, qualifying incomes, housing cost, and other factors;
- ▶ Estimating low- and moderate-income housing needs;
- ▶ Establishing the rules and means by which each municipality may address its need; and
- ▶ Create a process for reviewing and “certifying” that need has been met.

The Fair Housing Act, when first adopted, identified only the income categories of “low” and “moderate” income households, but was updated to include the category of “very-low” income in 2008 as part of

the legislation known as the “Roberts Bill”, which made a number of changes to the Act. The three categories are defined in **Figure 1 - “Fair Housing Act Income Categories”**.

The values for what constitute very-low, low, or moderate income are based on the median incomes in COAH-defined “Regions”. The Fair Housing Act tasked COAH with the delineation of these “Regions” having between two and four counties each which have “significant social, economic, and income similarities and which constitute to the greatest extent practicable the primary metropolitan statistical areas” reflected by the U.S. Census. **Map 1 - “COAH Region Map”** shows the current housing regions.

The Fair Housing Act defers to HUD and other “recognized” standards to define what makes housing “affordable”. HUD has, since the 1980s, considered housing to be affordable where the cost of such housing is less than 30% of the household’s income. This rate has also been adopted by banks and other institutions as the threshold for “affordability”. In practice, affordable housing in New Jersey must adhere to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-26.1 et seq, which uses the 30% threshold for renter-household income and a 28% threshold for homeowner-household income. The UHAC also establishes additional standards to ensure that affordable housing units are available to households of various sizes and incomes and priced affordably, as shown in **Figure 2 - “Required Distributions”** and **Figure 3 - “Affordability Standards”**



Map 1. COAH Region Map

NEW JERSEY MOUNT LAUREL HISTORY

FIRST AND SECOND ROUNDS

COAH published what has come to be known as its “first round” rules (N.J.A.C. 5:92-1 et seq.) to calculate the affordable housing need which municipalities would be required to address between 1987 and 1993, and established the acceptable means to address that need. The rules included a calculation of an existing need based on an estimate of substandard housing that was occupied by low- and moderate-income households (commonly referred to as “present need”, as well as a projection of future demand for housing opportunities by low- and moderate-income households (commonly referred to as “prospective need” or “new construction obligation”). The income classifications were based on the income metrics established by the U.S. Department of Housing and Urban Development. The present need would be addressed by rehabilitating existing substandard housing and the prospective need would be addressed by creating new housing.

In 1994, COAH adopted N.J.A.C. 5:93-1 et seq. which retroactively recalculated the present and prospective needs for 1987 to 1993 and provided new calculations of those needs for the period of 1993 to 1999. While the rules at the time were considered to be COAH’s “second round” of rules, the obligations calculated through those rules are referred to today as the “Prior Round” because the Second Round need numbers recalculated and included the need calculated for 1987 to 1993.

THIRD ROUND RULES

While the Fair Housing Act required COAH to adopt new rules in 1999, COAH did not adopt its Third

Figure 1. Fair Housing Act Income Categories

- Very-Low Income Household: Earns 30% or less of regional median income
- Low-Income Household: Earns 30% to 50% of Regional Median Income
- Moderate Income Household: Earns 50% to 80% of Regional median Income

Round rules until 2004, meaning there had been a five year gap following the effective period of the Second Round rules and the creation of new rules and need calculations. The 2004-adopted rules, located at N.J.A.C. 5:94-1 and 5:95-1 et seq., calculated a need period extending from 1999 to 2014 in order to capture the five years when rules were not in place and to project Prospective Need over the next 10 years (In 2001 the Fair Housing Act was amended to extend the effective time frame of any future-adopted COAH rules from the original 6 years used in Rounds 1 and 2 to a period of 10 years).

The 2004-adopted Third Round rules used a new method called "Growth Share" for calculating municipal new-construction obligation. Growth Share tied each municipality's affordable housing obligation to actual residential and non-residential growth between 2004 to 2014. The New Jersey Appellate Court invalidated substantial portions of the Third Round rules, including the Growth Share methodology, in the January 25, 2007 decision In re Adoption of N.J.A.C. 5:94 and 5:95, and ordered COAH to adopt amendments to the rules within six (6) months.

COAH *did* adopt amended rules more than 15 months later on June 2, 2008 (N.J.A.C. 5:96 and 5:97), which used a modified Growth Share methodology establishing a need for the period of 1999-2018, which had to be addressed by 2018, and recalculating the Prior Round obligations and the means of addressing those obligations. Once again, however, the new rules were challenged and largely invalidated in 2010 due to the continued use of the Growth Share methodology to calculate municipal obligations despite the methodology being struck down in 2007.

COAH once more attempted to adopt Third Round rules in 2014. Draft rules were published in April 30 of that year and scheduled for a decision on adoption on October 20, 2014. At that October 20 meeting, COAH deadlocked in its vote to adopt the rules and did not reschedule to consider the rules again, effectively failing to adopt the new rules.

LITIGATION AND CURRENT PROCESS

After COAH failed to adopt its 2014 draft rules, Fair Share Housing Center, a prominent advocacy organization for the creation of affordable housing in New Jersey, filed with the New Jersey Supreme Court a motion in aid of litigant's rights. On March 10, 2015, the Supreme Court issued a ruling on that Motion In re Adoption of N.J.A.C. 5:96 & 5:97, which is now commonly referred to as "Mount Laurel IV", which transferred COAH's responsibilities to designated Mount Laurel trial judges. These responsibilities primarily consist of reviewing and approving municipal Housing Elements and Fair Share Plans. Additionally, the Mount Laurel IV decision directed municipalities to file Declaratory Judgments with those judges to seek to find themselves in compliance with their fair share obligations, and to prepare Housing Element and Fair Share Plans based on COAH's Second Round rules and those portions of COAH's 2008-adopted Third Round rules that were upheld by the Appellate Division in 2010.

Given that the Supreme Court did not establish the affordable housing obligations that each municipality would be required to address, there had been much debate in the years following the Mount Laurel IV decision as to how to calculate municipal present and prospective need obligations in a manner that complies with that decision as well as Appellate Division decisions that had invalidated earlier versions

Figure 2. Required Distributions

Within and across all developments addressing the Township's Prospective Need, the following ratios must be met:

Income Distribution: Income Categories as a % of affordable units

- Moderate Income: 50% or less
- Low Income: 37% or more
- Very-Low Income: 13% or more

Bedroom Distribution: Unit type as a % of affordable units (non-age-restricted development)

- One-Bedroom or Studios: 20% or less
- Two-Bedroom: At least 30%
- Three-Bedroom: At least 20%

Figure 3. Affordability Standards

Rentals Units:

- Maximum Rent: Affordable to 60% of RMI
- Average Rent: Affordable to 52% of RMI

For-Sale Units

- Maximum Rent: Affordable to 70% of RMI
- Average Rent: Affordable to 55% of RMI

of the Third Round rules. Numbers had been offered by experts recruited by Fair Share Housing Center, a consortium of municipalities, and even the Courts.

As an intervenor recognized by the Courts in the affordable housing matters, Fair Share Housing Center (FSHC) has played a key role in municipalities' Declaratory Judgment actions to be certified as compliant with their affordable housing obligation. As a result, municipalities have been required to enter into Settlement Agreements with FSHC as part of their compliance actions.

On March 8, 2018, The Honorable Judge Mary Jacobson of the Superior Court of New Jersey Law Division in Mercer County published her opinion in the Matters of the Municipality of Princeton and the Township of West Windsor settling on a methodology for establishing the affordable housing obligations of municipalities in the vicinage containing Mercer County. Judges across New Jersey have since accepted and adopted her opinion and it has served as the basis for affordable housing settlement agreements since that time. Up until that point, most Settlement Agreements sought to find a middle ground between the affordable housing obligation calculations offered by the various "numbers" experts.

Historically, a municipality that prepared a Housing Element and Fair Share Plan for compliance with the Fair Housing Act would prepare and submit a Plan to COAH pursuant to COAH's rules and seek "substantive certification", a documented determination by COAH that a municipality's HEFSP complies with COAH's regulations and the FHA. Substantive certification would have the affect of protecting municipality's from "builder's remedy" lawsuits, defined in [Figure 4 - "Builder's Remedy"](#) . Rather than seeking substantive certification, a municipality currently participating in the affordable housing compliance process is seeking a Judgment of Compliance from the Court stating that the municipality has adopted an HEFSP and any ordinances and resolutions required to implement that HEFSP according to the Supreme Court's [Mount Laurel IV](#) decision, which has the same affect as substantive certification.

Figure 4. Builder's Remedy

Defined at N.J.S.A. 52:27D-328 as "a court imposed remedy for a litigant who is an individual or a profit-making entity in which the court requires a municipality to utilize zoning techniques such as mandatory set-asides or density bonuses which provide for the economic viability of a residential development by including housing which is not for low and moderate income households."

THE AFFORDABLE HOUSING OBLIGATION

The 2015 [Mount Laurel IV](#) Decision and subsequent decisions expanding thereupon required New Jersey municipalities to prepare Housing Element and Fair Share Plans that addressed their fair share obligation in three parts:

- The "Prior Round" new construction obligation as calculated in the 1994-adopted "Second Round Rules" (N.J.A.C. 5:93), reflecting accumulated and projected need for the years 1987 through 1999;
- The "Prospective Need" new construction obligation reflecting the need for affordable housing projected between 2015 and 2025 as well as the need for affordable housing that accumulated between 1999 and 2014, when COAH failed to adopt affordable housing rules that complied with the Fair Housing Act; and
- The "Present Need" or "Rehabilitation" obligation, reflecting the number of estimated housing units in the municipality that are substandard and occupied by low- and moderate-income households.

The Prior Round and Prospective Need obligations are calculated at the COAH Region level and allocated to the municipalities within the region based on demographic data reflective of the municipality's wealth, job opportunities,

Figure 5. Housing Plan Ratios

The affordable housing development and units addressing the Township's Prospective Need Obligation must also comply with the following ratios:

Family Unit: Affordable units that are available to families (i.e. units that are not age-restricted or for persons with special needs) must comprise at least half of:

- All units addressing the Obligation
- All rental units
- All very-low income units

Rental Minimum: At least 25% of units addressing the prospective need shall be rentals;

Age-Restricted Maximum: Not more than 25% of units addressing the prospective need shall be age-restricted

and housing inventory. These obligations are required to be addressed through the creation of new affordable units, the renewal of affordability controls on existing affordable housing units (Figure 6 - "Affordability Controls"), or the creation of zoning or redevelopment plans that provide for a realistic opportunity create affordable housing units.

The Prior Round and Prospective Need obligations are subject to certain restrictions and minimum requirements, some of which are detailed in Figure 5 - "Housing Plan Ratios"

COAH's Second Round rules permit municipalities to receive "bonus credit" for rental units addressing their new construction obligation. Specifically, a number of affordable "family" rental units equal to 25% of the new construction obligation may be counted twice. Age-restricted housing units and special needs housing units may be counted twice under special and limited conditions. The Appellate Division upheld the validity of other bonuses available in the 2008-revised Third Round Rules for units created through redevelopment plans or constructed near public transit ("Smart Growth").

The Present Need or Rehabilitation Share is calculated based on municipal-level housing and demographic data, and can be address through a program that coordinates and funds the rehabilitation of substandard units occupied by low- or moderate-income households or through the creation of new affordable housing units. COAH rules allow municipalities to participate in their County-run program to rehabilitate eligible housing units; however, these County-run programs typically only rehabilitate owner-occupied housing. Municipally run or municipally funded programs are required to rehabilitate renter-occupied housing. Rental-rehabilitation programs are typically underutilized.

WHAT IS A HOUSING ELEMENT AND FAIR SHARE PLAN

A Housing Element and Fair Share Plan is a document required by the New Jersey Fair Housing Act of 1985 ("FHA") to be adopted by each municipality in the state to identify and address their respective, allocated need for safe and adequate housing for low- and moderate-income households. As the next section of this report discusses, the "need" and the manner in which that "need" can be addressed had historically been promulgated by the Council on Affordable Housing (COAH), an entity created by the Fair Housing Act; however, that responsibility is currently in the hands of the State's trial court system as a result of COAH's failure to adopt statutorily compliant rules from 1999 to 2014.

The affordable housing "need" identified and addressed in this Plan is comprised of the Present Need, Prior Round obligation, and Third Round Prospective Need covering a period extending from 1987 to 2025, and is based on the methodology approved by Judge Jacobson on March 8, 2018. The means by which that need is to be addressed is based on rulings by the New Jersey Supreme Court and terms agreed upon between the Township and Fair Share Housing Center.

Figure 6. Affordability Controls

Controls by deed restriction, contract, or other legal or binding means which ensure that housing units remain affordable to low- and moderate-income households over a certain period of time in accordance with the Fair Housing Act and valid COAH regulations.

Figure 7. Rental Bonuses

The number of bonus credits may not exceed 25% of the new construction obligation. Rental units may be eligible for two (2) credits (be counted twice) within that cap under the following limitations:

- Any rental unit available to "families";
- Any special needs /supportive housing (alternative living arrangement) bedroom that has affordability restrictions for at least 30 years;

An age restricted unit may be counted as 1.33 units provided that not more than half of the minimum rental unit requirement shall be eligible for bonuses from new age-restricted rentals.

Figure 8. Required HEFSP Contents

- Inventory of municipal housing stock and occupant characteristics;
- Demographic analysis;
- Analysis of existing and 10-year projected employment characteristics;
- 10-year housing stock projection;
- Determination of municipal present and prospective needs for low- and moderate-income housing;
- Consideration of lands most appropriate for the construction of low- and moderate-income housing and/or identification of existing structures appropriate to convert to low- and moderate-income housing;

ABOUT VERONA

The Township of Verona is a suburban municipality in Essex County, New Jersey, neighboring Cedar Grove, Montclair, West Orange, Essex Fells, and North Caldwell. The Township is two (2) miles from Interstate-280 (a.k.a. Essex Freeway) and four (4) miles from the Garden State Parkway, and is adjacent to Montclair, which contains five NJ Transit Commuter Rail stations. The Township has a population of 14,572 as of the 2020 Census, which represents a 10% increase since 2010. The Township's peak population was calculated in the 1970 Census at 15,067 persons. The North Jersey Transportation Planning Authority (NJTPA) projects that the Township's population will increase an additional 7.39% by 2050 for a population of 15,649 persons.

The Township is mostly developed; however, the 2015 Land Use / Land Coverage analysis conducted by the NJ DEP estimates 23.9% of the Township's land areas as being some form of parkland or natural lands, and an additional 2.13% is composed of wetlands and water areas. The Township's 2021 Open Space and Recreation Plan indicates that 14.7% of the Township's area is preserved lands, including Verona Park, and the Hilltop Reservation. Similarly, 2021 MOD-IV tax assessor data shows that 36.5 acres of the Township (2.28% of Township area) is classified as "vacant". The largest land use based on tax assessor data is one- to four-family residential properties comprising 57.47% of the Township (920.24 acres). Public property other than school properties make up the next largest use at 19.57% (313.34 acres).

Bloomfield Avenue runs east-to-west through the center of the Township and serves as its main commercial corridor and the main connector road to nearby Caldwell and Montclair. Along with north-to-south running Pompton Avenue and Fairview Avenue, Bloomfield Avenue serves as one of the main corridors for the Township's higher density residential and mixed-use development.

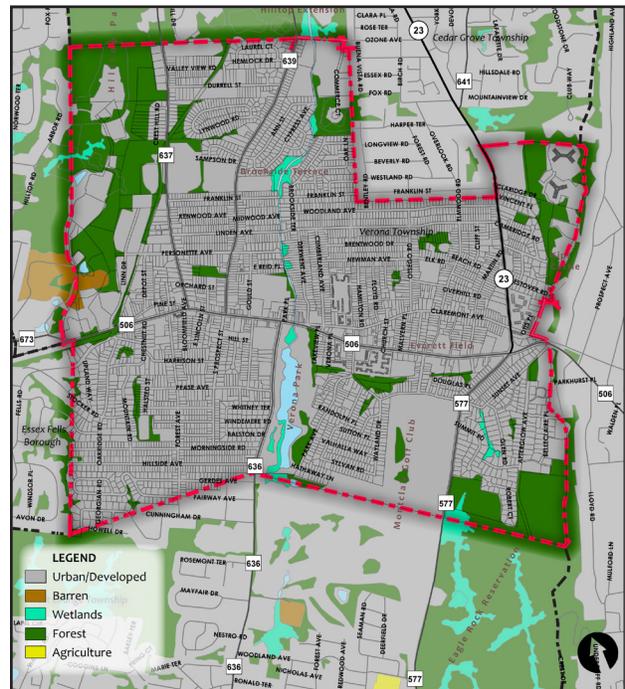
The northwestern portion of the Township is occupied by Hilltop Reservation; a park under split ownership between Essex County and Verona Township which has been partially redeveloped with high-density residential development known as the Highlands at Hilltop. Much of the southeast part of the Township is occupied by Verona Park or Montclair Golf Club.

The Township has surplus sewer and water capacity that can be accessed to service new development including affordable housing projects, as stated in a letter provided by Michael C. DeCarlo, Township Engineering Manager and Zoning Official (Appendix 4).

AFFORDABLE HOUSING HISTORY

The Township of Verona adopted its First Round Housing Element and Fair Share Plan in 1992. The Plan used 159 Section 8 housing units to address the Township's prospective need and present need (then called the "indigenous need"), but does not appear to have been certified by COAH. The Township adopted its second HEFSP in February of 1995 to address its Second Round obligation and its recalculated First Round obligation.

While the First Round prospective need was calculated as 127 units in 1987, the second round plan calculated the full 1987 to 1999 prospective need at 27 units. Again, the Township addressed its obligation with 159 Section 8 "Prior Cycle" credits (defined in the Second Round Rules as credits granted by COAH for low- and moderate-income units constructed after April 1, 1980 (but before December 15, 1986) as part of granting substantive certification for the First Round. COAH certified the Township's Second Round HEFSP on August 2, 1995.



Map 2. Verona Township Land Use Map

The Township adopted Third Round Fair Share Plans to comply with both the 2004 and 2008 iterations of the Third Round Rules; however, COAH did not certify either Third Round Plan before its rules were invalidated by the Courts.

WHAT IS "AFFORDABLE" IN VERONA TOWNSHIP

Verona is located in COAH Housing Region 2, which includes Essex County, Morris County, Union County, and Warren County. Whereas COAH has historically had the responsibility of annually publishing "income limits" establishing the maximum very-low, low-, and moderate-income household incomes based on household size in each region, as well as the maximum value of assets qualifying households may own, that responsibility has been taken up by the Affordable Housing Professionals of New Jersey ("AHPNJ") and Fair Share Housing Center since COAH became a moribund organization in 2014. Income limits are generally calculated based on HUD's methodology for calculating its own income limits.

Chart 1 - "2022 Region 2 Income Limits" summarizes the maximum incomes for very-low, low, and moderate income households in Region 2 by household size as published for the year 2022 by AHPNJ.

Chart 1. 2022 Region 2 Income Limits

HOUSEHOLD INCOME CATEGORY	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5-PERSON
MODERATE	\$64,507	\$73,723	\$82,938	\$92,154	\$99,526
LOW	\$40,317	\$46,077	\$51,836	\$57,596	\$62,204
VERY-LOW	\$24,190	\$27,646	\$31,102	\$34,558	\$37,322

Source: Affordable Housing Professionals of NJ/FSHC Affordable Housing Regional Income Limits

Based on the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-26.3, the "gross" rent for affordable units, which means the rents and any utilities and services (i.e. trash) included therein, cannot exceed 30% of incomes at the 30% of regional median income level for very-low income units, 50% of regional median income level for low-income units, or 60% of regional median income for moderate income units. The maximum "net" rent is the permissible rent where no utilities/services are included, which is obtained by subtracting the U.S. Department of Housing and Urban Development's (HUD) utility allowances. **Chart 2 - "2022 Region 2 Gross Rent Limits"** shows the maximum permitted gross rents in Region 2.

Chart 2. 2022 Region 2 Gross Rent Limits

HOUSEHOLD INCOME CATEGORY	1-BEDROOM (1.5-PERSON H.H.)	2-BEDROOM (3-PERSON H.H.)	3-BEDROOM (4.5-PERSON H.H.)
MODERATE (60% RMI)	\$1,296	\$1,555	\$1,797
LOW	\$1,080	\$1,296	\$1,497
VERY-LOW	\$648	\$778	\$898

Source: Affordable Housing Professionals of NJ/FSHC 2022 Rent Calculator

The UHAC limits the highest affordable-unit sales price to that which is affordable to moderate income households earning 70% of regional median income. Affordability for for-sales units are more variable than rental units as they depend upon current mortgage rates, homeowner insurance rates, and homeowner association or condominium fees, but are not affected by utilities. The sales prices shown in **Chart 3 - "2022 Region 2 Sale Limits"** assume no homeowners insurance or condominium/ HOA fees and therefore are higher than what actual sales prices will be, as the cost of homeowners insurance policies or condominium/ HOA fees increases the monthly cost of housing and therefore reduce the home value a household could afford.

Chart 3. 2022 Region 2 Sale Limits

HOUSEHOLD INCOME CATEGORY	1-BEDROOM (1.5-PERSON H.H.)	2-BEDROOM (3-PERSON H.H.)	3-PERSON (4.5-PERSON H.H.)
MODERATE (70% RMI)	\$173,760	\$208,512	\$240,948
LOW	\$124,114	\$148,937	\$172,105
VERY-LOW	\$74,469	\$89,362	\$103,263

Source: Affordable Housing Professionals of NJ/FSHC 2022 Sales Calculator

VERONA TOWNSHIP DEMOGRAPHICS AND HOUSING STOCK

INTRODUCTION

This section of the Housing Element and Fair Share Plan is intended to provide the following information required at N.J.S.A. 52:27D-310:

- ▶ An inventory of the municipality's housing stock by age, condition, purchase or rental value, occupancy characteristics, and type, including the number of units affordable to low and moderate income households and substandard housing capable of being rehabilitated;
- ▶ A projection of the municipality's housing stock, including the probable future construction of low and moderate income housing, for the next ten years, taking into account, but not necessarily limited to, construction permits issued, approvals of applications for development and probable residential development of lands;
- ▶ An analysis of the municipality's demographic characteristics, including but not necessarily limited to, household size, income level and age; and
- ▶ An analysis of the existing and probable future employment characteristics of the municipality.

HOUSING CHARACTERISTICS

Chart 4 - "Housing Units in Verona Township by Type of Structure, Tenure, and Occupancy Status in 2020" displays the total number of housing units in the Township broken down by tenure type and the type of building or alternative housing type in which the unit is located, as estimated in the 2020 American Community Survey - 5-Year Survey. As of 2020 were no reported mobile homes or vehicles used as housing in Verona; but nearly two-thirds of the Township's of the Township's housing stock is comprised of single-family detached units, one-fifth are in apartment buildings, and the remainder is located in townhouses or apartment houses.

The Chart shows that the majority of housing units are occupied by the owners of said housing units at 4,319(78%) of the total 5,426 housing units, leaving 22% as either vacant or renter occupied. Vacancy rates are highest among single-family attached units (i.e. townhouses) (26.89%) and units within buildings with between 5 and 9 units (35.95%), which represent a combined 3.7% of housing units in the Township.

Chart 4. Housing Units in Verona Township by Type of Structure, Tenure, and Occupancy Status in 2020

TYPE OF BUILDING / STRUCTURE	TOTAL UNITS	PERCENT OF TOTAL	OWNER OCCUPIED	RENTALS	VACANT
1, DETACHED	3,616	65.20%	3,524	27	65
1, ATTACHED	119	2.10%	77	10	32
2 UNITS	403	7.20%	122	249	32
3 OR 4	183	3.30%	40	123	20
5 TO 9	82	1.40%	57	25	0
10 TO 19	89	1.60%	9	48	32
20 TO 49	255	4.60%	73	133	49
50 OR MORE	795	14.30%	417	312	66
MOBILE HOME	0	0.00%	0	0	0
BOAT, RV, VAN, ETC.	0	0.00%	0	0	0
TOTAL	5,542 (100%)	100%	4,319 (78%)	927 (17%)	296 (5%)

Source: 2020 American Community Survey - 5 year estimate (B25032, DP04)

Chart 5 - "Housing Units in Verona Township by Year Built and Tenancy Type in 2020" breaks down the total number of housing units occupied in 2020 by the period of time in which they were built, as well as showing how many of those units were owner or renter occupied in 2020. The Chart shows that one third (33.65%) of occupied units were built in 1939 or earlier and another third (30.16%) were built between 1940 and 1959. For contrast, only 0.61% of housing units were built in 2014 or a later year and only 5.15% have been built since 2010.

The median year of construction of owner-occupied units is 1949 whereas the median year of construction for renter-occupied units is 1975, reflecting a trend in which local rental market demand is being addressed by construction of newer development, in contrast to some municipalities where older, larger housing units are converted into apartments. It should be noted that this data comes from Census data and does not necessarily reflect actual units built since 2014 such as the 112-unit Annin development.

Chart 6 - "Housing Units in Verona Township by Number of Rooms in a Unit in 2020" shows the number of housing units in the Township of Verona by their number of rooms. The plurality of units (20.30%) have nine or more rooms, which is consistent with the visibly large size of homes in Verona and the higher wealth and housing value of households and their homes in this towns, further explored later in this chapter.

Similarly, **Chart 7 - "Housing Units in Verona Township by Number of Bedrooms in 2020"** shows that more than one-third (37.60%) of units have 3 bedrooms at of the total occupied units, and six out of ten (61.9%) housing units in the Township have three bedrooms or more, which is consistent with the predominantly single-family nature of the Township's housing stock.

Chart 5. Housing Units in Verona Township by Year Built and Tenancy Type in 2020

YEAR BUILT	OCCUPIED UNITS	PERCENT OF TOTAL	OWNER	RENTER
2014 OR LATER	34	0.61%	34	0
2010 TO 2013	252	4.54%	0	252
2000 TO 2009	112	2.02%	97	15
1980 TO 1999	341	6.15%	208	133
1960 TO 1979	970	17.50%	802	168
1940 TO 1959	1,672	30.16%	1495	177
1939 OR EARLIER	1,865	33.65%	1683	182
(%) OF TOTAL	5,246	100%	4,319	927
MEDIAN YEAR BUILT	1953		1949	1975

Source: 2020 American Community Survey - 5 year estimate (DP04, B25036, B25037)

Chart 8 - "Housing Units in Verona Township by Value" compares the estimated housing values 2010 and 2020 American Community Survey data. The plurality of housing units in 2010 (44.3%) had estimated value between \$300,000 and \$499,000. This was largely unchanged in 2020 as 44.6% of housing units in 2020 are in the \$300,000 to \$499,000 range. Meanwhile, the stock of housing units valued below \$200,000 increased slightly from comprising 5% of the 2010 housing stock to 8.3% of the 2020 housing stock.

Chart 6. Housing Units in Verona Township by Number of Rooms in a Unit in 2020

ROOMS	NUMBER OF UNITS	PERCENT
1 ROOM	92	1.7%
2 ROOMS	84	1.5%
3 ROOMS	651	11.7%
4 ROOMS	652	11.8%
5 ROOMS	643	11.6%
6 ROOMS	623	11.2%
7 ROOMS	781	14.1%
8 ROOMS	851	15.4%
9+ ROOMS	1,165	21.0%
TOTAL	5,542	100%

Source: 2020 American Community Survey - 5 year estimate (DP04)

When compared to the maximum permitted housing sales price for affordable units listed in **Chart 3 - "2022 Region 2 Sale Limits"** on page 11 (calculated without accounting for homeowners insurance or HOA/condominium fees), it would appear that 453 owner-occupied units in the Township, or just over 10% of the Township's owner occupied housing stock, are priced at or below the maximum sale price for an affordable three-bedroom dwelling in the Township based on mortgage and property tax rates as of August 2022 (The American Community Survey does not provide a breakdown of housing value by the number of bedrooms; however, three bedroom units are used for reference here in the context that the majority of housing units in the Township have three or more bedrooms).

Chart 7. Housing Units in Verona Township by Number of Bedrooms in 2020

BEDROOMS	NUMBER OF UNITS	PERCENT
EFFICIENCY	92	2.3%
1 BEDROOM	84	16.3%
2 BEDROOMS	651	19.4%
3 BEDROOMS	652	37.6%
4 BEDROOMS	643	17.9%
5 OR MORE BEDROOMS	623	6.4%
TOTAL	5,542	100%

Source: 2020 American Community Survey - 5 year estimate (DP04)

Chart 9 - "Housing Units in Verona

Chart 8. Housing Units in Verona Township by Value

HOUSING UNIT VALUE	2010 UNITS	PERCENT	2020 UNITS	PERCENT
LESS THAN \$50,000	40	1.0%	95	2.2%
\$50,000-\$99,000	20	0.5%	0	0.0%
\$100,000-\$149,000	39	0.9%	90	2.1%
\$150,000-\$199,000	107	2.6%	174	4.0%
\$200,000-\$299,000	469	11.4%	309	7.2%
\$300,000-\$499,000	1,818	44.3%	1,927	44.6%
\$500,000-\$999,999	1,457	35.5%	1,599	37.0%
\$1,000,000 OR MORE	156	3.8%	125	2.9%
TOTAL	4,106	100%	4,319	100%
MEDIAN	\$453,200	(X)	\$468,200	(X)

Source: 2010 Census and 2020 American Community Survey - 5 year estimate (DP04, B25075)

Chart 9. Housing Units in Verona Township, Essex County, and New Jersey by Gross Rent in 2020

GROSS RENT	VERONA TOWNSHIP		ESSEX COUNTY		NEW JERSEY	
	UNITS	PERCENT	UNITS	PERCENT	UNITS	PERCENT
LESS THAN \$500	35	3.8%	19,013	12.0%	86,797	7.6%
\$500 TO \$999	69	7.5%	30,413	19.1%	167,177	14.6%
\$1,000 TO \$1,499	304	33.0%	64,125	40.4%	431,258	37.8%
\$1,500 TO \$1,999	220	23.9%	31,376	19.8%	266,946	23.4%
\$2,000 TO \$2,499	68	7.4%	8,158	5.1%	105,223	9.2%
\$2,500 TO \$2,999	46	5.0%	2,487	1.6%	44,347	3.9%
\$3,000 OR MORE	179	19.4%	3,257	2.1%	39,865	3.5%
MEDIAN DOLLARS (\$)	1,619	(X)	1,211	(X)	1,368	(X)
NO CASH RENT	6	(X)	2,836	(X)	36,014	(X)
TOTAL OCCUPIED RENTAL UNITS	927	(X)	161,665	(X)	1,177,627	(X)

Source: 2020 American Community Survey - 5 year estimate (DP04, B25063)

Chart 10. Housing Units in Verona Township by Tenure and by Monthly Cost of Housing as a Percent of Household Income in 2020

MONTHLY COST AS % OF INCOME	OWNER	PERCENT	RENTER	PERCENT	ALL OCCUPIED	PERCENT
LESS THAN 20%	1227	44.50%	222	26.00%	1,449	39.40%
20 TO 24.9%	383	13.90%	94	10.30%	477	12.90%
25 TO 29.9%	371	13.40%	203	22.30%	574	15.60%
30 TO 34.9%	304	11.00%	107	11.70%	411	11.03%
35% OR MORE	475	17.20%	270	29.60%	745	19.90%
TOTAL H.H. COST BURDENED	779	28.2%	377	41.3%	1,156	30.93%
NOT COMPUTED	0	(X)	15	(X)	15	(X)

Source: 2020 American Community Survey - 5 year estimate (DP04, B25063)

Township, Essex County, and New Jersey by Gross Rent in 2020" compares gross rent payments in Verona Township, the entirety of Essex County, and the State of New Jersey in 2020. In both Verona and the County of Essex, the plurality of rental units (at 33% and 40.4% of rental units, respectively) have gross monthly rents between \$1,000 to \$1,499. Just under one-fifth (19.4%) of rental units in the Township charge rents of \$3,000 or more per month compared to only 2.1% of units in the County, suggesting that luxury apartments represent a greater portion of the rental market in the Township compared to the average municipality in Essex County. In New Jersey, the same stands true whereas the plurality of renters are paying between \$1,000 and \$1,499 in monthly rent at 37.8% and only 3.5% of renters pay \$3,000 in gross rent per month. Similarly, just 11.3% of Verona's renter households pay less than \$1,000 per month compared to 31.1% in Essex County and 22.2% across New Jersey.

Compared to the maximum permitted affordable rents shown at Chart 2 - "2022 Region 2 Gross Rent Limits", approximately 49 one-bedroom units, 42 two-bedroom units, and no (0) three-bedroom units in

Verona are affordable to households earning 60% of region median income or less out of the Township's 927 rental units, or just less than 10% of the Township's rental housing stock (Based on ACS Table B25068 for 2020).

Housing is considered to be affordable if costs associated with living are lower than 28% for owner occupied units and 30% for renter occupied units. **Chart 10 - "Housing Units in Verona Township by Tenure and by Monthly Cost of Housing as a Percent of Household Income in 2020"** shows that roughly 779 owner-households and 377 renter-households (30.93% of all households) in 2020 were housing-cost-burdened and paying over 30% of their monthly income towards housing.

Chart 11 - "Housing Units in Verona Township by Indicators of Deficiency in 2020" shows the number of units in Verona Township in 2020 that lack plumbing, kitchen, or phone services or any combination of each. Of the total occupied housing units (5,246) there are 0 units with no kitchen services or plumbing. These are two of the criteria used to determine whether housing is deteriorated for the purposes of calculating municipal present need (rehabilitation obligation). A third criterion for calculating municipal present need is if housing is "overcrowded" and at least 50 years old. Chart 11 shows that 17 units in the Township are estimated in the 2020 ACS as having more than one person per room and being built prior to 1940. The Third Round Present Need "Rehabilitation Obligation" for the Township is 23 units.

POPULATION AND HOUSEHOLD CHARACTERISTICS

Chart 12 - "Population Changes in Verona Township, Essex County, and New Jersey between 2000 and 2020" compares the population change over a 20-year period from the years 2000 to 2020 in Verona Township, Essex County, and New Jersey as a whole. Verona Township, and Essex County as a whole experienced declining populations from the years 2000 to 2010, however in the greater picture of a 20-year period, they netted an increase of 7.6% and 8.8% respectively, whereas the entire state of NJ has grown a grand total of 10.30% in population from the years 2000 to 2020. Meanwhile, the Township grew faster than the County and State over the 10 years from 2010 to 2020 (9.3%, 5.5%, and 5.6%, respective to order).

Chart 13 - "Population Age Distribution in 2010 and 2020." shows the age distribution of individuals living in Verona, and the change in age distributions between 2010 and 2020. The median age for Verona in 2010 was 42.7, and the median age in 2020 is 45.3, reflecting an aging population in the Township. Whereas 42.1% of the Township's population was between the ages of 25 and 54, the prime family raising

Chart 11. Housing Units in Verona Township by Indicators of Deficiency in 2020

INDICATOR	INCOMPLETE PLUMBING	INCOMPLETE KITCHEN	NO PHONE SERVICE	OVERCROWDED AND BUILT PRE-1940	OCCUPIED UNITS
NUMBER OF UNITS	0	0	59	17	5,246

Source: 2020 American Community Survey (DP04, B25050)

Chart 12. Population Changes in Verona Township, Essex County, and New Jersey between 2000 and 2020

LOCATION	2000	2010	00-'10 CHANGE	2020	10-'20 CHANGE	00' TO 20' CHANGE
VERONA TOWNSHIP	13,533	13,332	-1.4%	14,572	9.3%	7.6%
ESSEX COUNTY	793,633	783,969	-1.2%	863,728	5.5%	8.8%
NEW JERSEY	8,414,350	8,791,894	1.4%	9,288,994	5.6%	10.3%

Source: 2000 and 2010 Decennial Census, 2020 American Community Survey

Chart 13. Population Age Distribution in 2010 and 2020.

AGE GROUP (YEARS OLD)	2010	PERCENT OF TOTAL	2020	PERCENT OF TOTAL	CHANGE
UNDER 5	964	7.2%	715	5.3%	-25.8%
5 TO 9	673	5.1%	829	6.2%	23.2%
10 TO 14	889	6.7%	1,139	8.5%	28.1%
15 TO 19	633	4.8%	742	5.5%	17.2%
20 TO 24	553	4.2%	517	3.8%	-6.5%

age range, that percentage of the population dropped to 35.2% in 2020. The cohorts aged 19 and younger and 60 and older each continue to comprise approximately a quarter each of the Township's population, suggesting that the Township is not serving as a major destination for senior housing, but that it is also not seeing an exodus or loss of families with school age children.

The Census Bureau defines a household as consisting of "all the people who occupy a housing unit" including "the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters."

Chart 14 - "Households in Verona Township by Type" breaks down households in Verona by type. Families make up twice as many households in Verona than non-family households (67.70% versus 32.3%). More than half (58.9%) of all households and 87% of family households are married couples. Just one-third (33.62%) of households are families with children.

Chart 15 - "Average Household Size in Verona" shows that the average renter household size is 1.71 persons whereas the average owner household size is 2.75 persons.

ECONOMIC CHARACTERISTICS

Chart 16 - "Households in Verona by Income" displays the number of households in the Township of Verona by household income. The median household income in Verona is \$135,122 per year, which is twice that for Essex County (\$63,959) in 2020. Almost half (44.1%) of all households in Verona make \$150,000 or more per year (compared to 20.6% in Essex County), and one-sixth (17.3%) are making less than \$50,000 per year (compared to 40.6% in Essex County).

Chart 13. Population Age Distribution in 2010 and 2020.

AGE GROUP (YEARS OLD)	2010	PERCENT OF TOTAL	2020	PERCENT OF TOTAL	CHANGE
25 TO 34	1,422	10.7%	741	5.5%	-47.8%
35 TO 44	1,988	15.0%	2,034	15.1%	2.3%
45 TO 54	2,178	16.4%	1,971	14.6%	-9.5%
55 TO 59	799	6.0%	1,026	7.6%	28.4%
60 TO 64	647	4.9%	869	6.4%	34.3%
65 TO 74	990	7.4%	1,806	13.4%	82.4%
75+	1,561	11.9%	1,089	8.1%	-30.2%
TOTAL	13,297	100.0%	13,478	100.0%	9.3%
MEDIAN AGE (YEARS OLD)	42.7	(X)	45.3	(X)	(X)

Source: 2010 Decennial Census and 2020 American Community Survey - 5 year estimate (DP04, B25075)

Chart 14. Households in Verona Township by Type

HOUSEHOLD TYPE	NUMBER OF HOUSEHOLDS	PERCENT
FAMILY HOUSEHOLDS	3,554	67.7%
MARRIED COUPLES	3,094	58.9%
MARRIED WITH CHILDREN	1,637	31.2%
SINGLE MALE HOUSEHOLDER	208	3.9%
SINGLE WITH CHILD UNDER 18	96	1.8%
SINGLE FEMALE HOUSEHOLDER	252	4.8%
SINGLE WITH CHILD UNDER 18	33	0.6%
NONFAMILY HOUSEHOLDS	1,692	32.2%
TOTAL	5,542	100%

Source: 2020 American Community Survey (DP02)

Chart 15. Average Household Size in Verona

HOUSEHOLD TYPE	NUMBER OF HOUSEHOLDS
OWNER	2.75
RENTER	1.71
ALL HOUSEHOLDS	2.56

Source: 2020 American Community Survey (DP02)

Chart 16. Households in Verona by Income

HOUSEHOLD INCOME	NUMBER OF HOUSEHOLDS	PERCENT
LESS THAN \$5,000	198	3.8%
\$5,000 TO \$9,999	9	0.2%
\$10,000 TO \$14,999	24	0.5%
\$15,000 TO \$19,999	83	1.6%
\$20,000 TO \$24,999	162	3.1%
\$25,000 TO \$34,999	191	3.6%
\$35,000 TO \$49,999	237	4.5%
\$50,000 TO \$74,999	559	10.7%
\$75,000 TO \$99,999	633	12.1%
\$100,000 TO \$149,999	835	15.9%
\$150,000+	2,315	44.1%
MEDIAN INCOME	\$135,122	(X)

Source: 2020 American Community Survey - 5 year estimate (DP03)

The 2020 American Community Survey does not provide the number of households by size and by income. However, in the context that the average household size in the Township is 2.5 persons, it should be noted that 1,463 of the Township's 5,246 households (28%) earn the Region 2 moderate income or less as shown in [Chart 1 - "2022 Region 2 Income Limits"](#) for a three-person household. When compared to [Chart 1 on page 11](#), the median income in Verona is 1.63 times the moderate income limit for three-person households in Region 2.

[Chart 17 - "Poverty Rates in Verona Township, Essex County, and New Jersey"](#) shows the distribution of individuals and families living below the poverty level in Verona, Essex County, and New Jersey. Verona has a low poverty rate for both families (1%) and individuals (2.4%). This makes it an outlier in Essex County, which has individual and family poverty rates of 15.3% and 12.6%, respectively, driven upward by its struggling urban centers such as Newark.

[Chart 18 - "Employed Verona Residents by Sector"](#) shows the number of employed Verona residents by sector of employment as defined by the North American Industrial Classification System (NAICS). The two most represented industries of resident employment in the Township of Verona are education/healthcare/social services at 27.30% of employed persons and Professional, Scientific, Management/Administration, and Waste Services at 19.6%. The former sector tends to consist of lower to middle earning jobs, although American Community Survey Table B24031 shows Verona Township residents earning a median income of \$59,030 in that sector compared to a median of \$85,789 in the second largest sector of employment. Just 13.31% of Township residents work in the highest-earning sectors (Information and Finance/Insurance/Real Estate) where median reported incomes for Verona Township residents employed in those sub-sectors in 2020 are well above \$150,000.

[Chart 19 - "Employed Verona Residents by Occupation Category"](#) shows the number of employed Verona residents by "Occupation", which describes the nature of the actual jobs performed. The majority of employed Verona Township residents' jobs are categorized as Management, Business, Science, and the Arts, representing 4,152 people (59.8% of employed residents). According to American Community Survey data Table B24011 for 2020, that category of occupation earned a median of \$87,465 in 2020. Based on estimates by the New Jersey Department of Labor and Workforce Development, the

Chart 17. Poverty Rates in Verona Township, Essex County, and New Jersey

LOCATION	INDIVIDUAL POVERTY	FAMILY POVERTY
VERONA TOWNSHIP	2.4%	1.0%
ESSEX COUNTY	15.3%	12.6%
NEW JERSEY	9.7%	7.0%

Source: 2020 American Community Survey - 5 year estimate (DP03)

Chart 18. Employed Verona Residents by Sector

SECTOR	NUMBER	PERCENT
AGRICULTURE, FORESTRY, MINING, FISHING & HUNTING	21	0.3%
CONSTRUCTION	180	2.6%
MANUFACTURING	711	10.3%
WHOLESALE TRADE	288	4.2%
RETAIL TRADE	463	6.7%
TRANSPORTATION, WAREHOUSING, UTILITIES	158	2.3%
INFORMATION	281	4.1%
FINANCE/INSURANCE, REAL ESTATE	642	9.3%
PROFESSIONAL, SCIENTIFIC, MANAGEMENT, ADMINISTRATION, WASTE MGMT.	1,360	19.6%
EDUCATION, HEALTH CARE, SOCIAL ASSISTANCE	1,897	27.4%
ARTS, ENTERTAINMENT, RECREATION, HOSPITALITY	296	4.3%
OTHER SERVICES	284	4.1%
PUBLIC ADMIN	351	5.1%
TOTAL EMPLOYED WORKFORCE	6,932	100%

Source: 2020 American Community Survey - 5 year estimate (DP03)

Chart 19. Employed Verona Residents by Occupation Category

OCCUPATION CATEGORY	NUMBER	PERCENT
MANAGEMENT, BUSINESS, SCIENCE, ARTS	4,152	59.9%
SERVICE	504	7.3%
SALES AND OFFICE	1,626	23.5%
NATURAL RESOURCES, CONSTRUCTION, MAINTENANCE	256	3.7%
PRODUCTION, TRANSPORTATION, MATERIALS	394	5.7%
TOTAL EMPLOYED WORKFORCE	6,932	100%

Source: 2020 American Community Survey - 5 year estimate (DP03)

unemployment rate in Verona dropped from 6.9% to 3.5% in 2020 (with a peak of 8.3% in 2015) but increased to 4.3% in 2021, as shown in **Chart 20 - "Labor Force and Unemployment Rates Since 2013"**. Over the nine year period, the total size of Verona's "Labor Force" has varied between a 2020 low of 7,180 and a 2019 high of 7,566 persons. The drop in 2020 is almost certainly tied to the Coronavirus Pandemic, which caused businesses around the world to shut down or limit activities.

As shown by the 2020 ACS data contained in **Chart 21 - "Mode of Commute for Employed Residents of Verona Township, Essex County, and New Jersey"** employed residents of Verona have a similar average commute time to that of the average New Jersey worker at 32 minutes, which is slightly below the average of 35 minutes for Essex County workers as a whole. The vast majority of (74.7%) of commuters in Verona drive alone, which is a higher rate than that for Essex County (59.1%) and new Jersey (69.6%). Residents of Verona are half as likely to commute by public transit as Essex County residents (9.1% versus 20.1%) but are also nearly twice as likely to work from home (12.6% versus 7.1%).

Employees covered by unemployment insurance represent approximately 95% of all workers in the State of New Jersey. **Chart 22 - "Number of Employees in Verona Covered by Unemployment Insurance in 2021"** shows approximately 2,387 people were employed by 393 private firms in Verona in 2021, and 515 persons were employed by local government including local public schools.

HOUSING, EMPLOYMENT, AND POPULATION PROJECTIONS

Based on projections published by the North Jersey Transportation Planning Authority (NJTPA) at **Chart 23 - "Projection of Population, Households, Employment from 2020-2050"**, the number of households and the population of Verona, the number of households and the population is expected to rise by

Chart 20. Labor Force and Unemployment Rates Since 2013

YEAR	LABOR FORCE	EMPLOYED PERSONS	UNEMPLOYED PERSONS	UNEMPLOYMENT RATE
2013	7,436	6,919	743	6.9%
2014	7,284	6,784	750	6.9%
2015	7,269	6,664	896	8.3%
2016	7,419	6,865	794	7.4%
2017	7,425	6,930	711	6.6%
2018	7,396	7,002	564	5.3%
2019	7,566	7,280	392	3.7%
2020	7,180	6,928	367	3.5%
2021	7,366	7,014	352	4.8%

Source: NJ Department of Labor and Workforce Development Annual Average Labor Estimates by Municipality

Chart 21. Mode of Commute for Employed Residents of Verona Township, Essex County, and New Jersey

MODE OF TRANSPORT	VERONA TOWNSHIP	ESSEX COUNTY	NEW JERSEY
DRIVE ALONE	5,044	217,914	3,013,993
CARPOOL	183	25,930	338,813
TRANSIT	617	74,231	466,091
WALK	53	13,037	113,944
WORK AT HOME	848	26,300	316,373
OTHER	9	11,015	83,229
MEAN COMMUTE TIME (MINUTES)	32	35	32

Source: 2020 American Community Survey - 5 year estimate (DP03)

Chart 22. Number of Employees in Verona Covered by Unemployment Insurance in 2021

EMPLOYMENT SECTOR	2021 AVERAGE NUMBER OF EMPLOYERS / FIRMS	2021 AVERAGE NUMBER OF EMPLOYEES	AVERAGE ANNUAL WAGES IN 2021
LOCAL GOVERNMENT (INCLUDING EDUCATION)	8	515	\$68,601
LOCAL PUBLIC EDUCATION ONLY	6	296	\$74,746
CONSTRUCTION	31	124	\$54,795
WHOLESALE TRADE	14	62	\$90,282
RETAIL TRADE	37	367	\$52,857
FINANCE/ INSURANCE	21	113	\$147,205
REAL ESTATE	18	70	\$44,918
PROFESSIONAL / TECHNICAL	64	186	\$75,541
ADMINISTRATION / WASTE MANAGEMENT	30	183	\$50,438
HEALTH / SOCIAL SERVICES	75	708	\$50,526

22.5% and 15.6%, respectively, while the number of employed individuals in the Township is expected to drop considerably by 22.4%. In Essex County, however, all of the selected demographics are expected to rise considerably over the 30 year period.

The HEFSP is required to include a projection of the number of housing units to be constructed in the municipality during the Third Round based on known factors such as historic development patterns and approved or pending development applications. The FHA recommends using building permit issuances; however, **Chart 24 - "Housing Projections Through 2025"** uses Certificates of Occupancy (COs) to reflect units actually built, given that developers may pull building permits but not follow through with the development due to changes in financial or economic conditions/assumptions. Based on data collected from the Township Building Department the Township has issued 408 certificates of occupancy (an average of 40.8 units per year) and 21 demolition permits (an average of 2.1 units per year) since 2010. Based on those annual averages, a total of 82 COs and 4 demolitions can be projected through 2025, for a net of 78 new units.

Of the 408 units certified between 2010 and 2020, 359 were multi-family units from projects like Annin Lofts. The Township had certified 49 one- and two-family units and saw the loss of 16 such units, for a total of 33 one- and two-family units or an average of 3.2 per year.

Depending on the timing of site preparation, approvals, and construction, the Township expects 295 units to be constructed in the Township through the Sunset Avenue / Spectrum 360 and PIRHL/Cameco Redevelopment projects that are identified in this plan - nearly four times as much as what is projected just based on the history of construction and demolition in the Township over the past decade. A more realistic projection of units to be constructed over the remainder of the Third Round is 295 multi-family/mixed-use units and 6 to 7 one- and two-family units, for a total of 301/302 units through June 30, 2025.

Chart 22. Number of Employees in Verona Covered by Unemployment Insurance in 2021

EMPLOYMENT SECTOR	2021 AVERAGE NUMBER OF EMPLOYERS / FIRMS	2021 AVERAGE NUMBER OF EMPLOYEES	AVERAGE ANNUAL WAGES IN 2021
ARTS / ENTERTAINMENT	7	13	\$35,858
ACCOMMODATIONS / FOOD	27	222	\$22,218
OTHER	55	323	\$31,407
UNCLASSIFIED	14	17	\$58,115

Source: NJ LWD 2021 Covered Employment - Annual Municipal Data By Sector

Chart 23. Projection of Population, Households, Employment from 2020-2050

DEMO YEAR	VERONA TOWNSHIP			ESSEX COUNTY		
	2020	2050	PERCENT CHANGE	2020	2050	PERCENT CHANGE
POPULATION	13,533	15,649	15.63%	863,728	920,335	6.55%
HOUSEHOLDS	5,246	6,462	22.50%	290,680	346,413	19.20%
EMPLOYMENT	6,928	5,306	-22.40%	379,534	432,645	13.90%

Source: NJTPA Municipal Demographics Forecast, 2022

Chart 24. Housing Projections Through 2025

YEAR	CO'S ISSUED	DEMOS	DIFFERENCE
2010	96	2	94
2011	3	0	3
2012	1	2	-1
2013	133	2	131
2014	12	0	12
2015	20	1	19
2016	0	6	-6
2017	23	1	22
2018	4	0	4
2019	116	1	115
2020	0	6	-6
TOTAL	408	21	387
AVERAGE OVER 10 YEARS	40.8	2.1	38.7
PROJECTION 23'-25'	82	4	78

Source: Township Building Department

CONSIDERATION OF LANDS

COAH's rules at N.J.A.C. 5:93-5.1(b)6 requires the HEFSP to include "A consideration of the lands that are most appropriate for construction of low- and moderate-income housing and of the existing structures most appropriate for conversion to, or rehabilitation for, low- and moderate-income housing, including a consideration of lands of developers who have expressed a commitment to provide low- and moderate-income housing".

In identifying lands appropriate for construction of low- and moderate-income housing to address its Prior Round New Construction obligation and its Third Round Prospective Need, the Township considered lands proposed for inclusionary development by their owners or interested developers. These interested developers or properties include the following:

POEKEL PROPERTIES, LLC ("POEKEL")

Poekel filed a motion to intervene in the Township's Declaratory Judgement Action on May 10, 2017, seeking to have its properties at Block 2301, Lots 17 and 18 (860 Bloomfield Avenue), included in the Township's Housing Plan. On March 21, 2019, the Township and Poekel executed a Settlement Agreement which provided for the development of these lots as a 46-unit inclusionary and mixed-use development. Simultaneous to the Township settling with Poekel, the Township had acquired neighboring Lots 11, 12, 14, and 15 on Block 2301 (March 13, 2019) with the intention of donating the properties to a developer to construct a 100% affordable project. Between January and December of 2020, the Township acquired Lots 17 and 18 from Poekel and Lot 19 from the County of Essex in order to assemble the lots for the donation to PIRHL for what is now the 100% affordable 95-unit PIRHL/Cameco project included in this Housing Element and Fair Share Plan.

SPECTRUM 360, LLC ("SPECTRUM")

On May 12, 2017, Spectrum filed a motion to intervene in the Township's Declaratory Judgement Action, seeking to have its property at Block 303, Lot 4 (1 Sunset Avenue) included in the Township's Housing Plan. The Township settled with Spectrum initially on May 31, 2019 (multiple amendments to the Settlement Agreement have been entered into since that date) to provide for inclusionary development on the property.

NEIL JOY INC., BOBCAR CORPORATION, AND FORSONS PARTNERS, LLC ("BOBCAR")

These three parties were the common owners of an undeveloped property at Block 1201, Lot 3.01, a.k.a. 25 Commerce Court, and were granted intervenor status in the Township's DJ action on September 15, 2015. The 12.1-acre lot is located at the southernmost end of Commerce Court, a short industrial cul-de-sack street fronted upon by industrial uses and the Verona Township waste water treatment plant and recycling center. The western part of the property is floodplain and wetland encumbered. A single-family neighborhood is directly south of the lot. Until December 31, 2018, the Township was licensed by the property owners to utilize the site as a leaf composting site.

In a Certification by former Township Manager, Matthew Cavallo, dated November 26, 2018, Mr. Cavallo points out that the Township determined that the 100% affordable development at the Cameco/PIRHL properties is a superior location for residential development due to the proximity to transit options and private and public amenities and services. In addition to those arguments made by Mr. Cavallo, this Plan will note that Bobcar property was inappropriate for inclusionary or 100% affordable development due to the limited capacity of public rights-of-way connecting to the site and due to the proximity of the site to nuisance generating uses along Commerce Court.

The Township entered into a Settlement Agreement on July 13, 2020 to acquire the property for \$6.25 million and to deed restrict the property to be used only for "limited municipal purposes, such as a such as a DPW Yard, dog park, open space, and similar uses, but prohibiting any commercial development, institutional or multi-family residential development". The Township is seeking Green Acres funding to preserve the site.

NEIL JOY INC., WOLFBANE ASSOCIATES AND FORSONS PARTNERS, LLC ("WOLFBANE")

These three parties were the common owners of an undeveloped 14.29-acre property at Block 501, Lot 83, a.k.a. 111 Mount Prospect Avenue, and were granted intervenor status in the Township's DJ action on September 15, 2015. The property has frontage on Mount Prospect Avenue and is located behind single-family residential neighborhoods along Summit Road, Ravine Road, and Robert Court. The wooded lot is also directly connected to Eagle Rock Reservation, an Essex County park located predominantly in West Orange to the South. In a Certification by former Township Manager, Matthew Cavallo, dated November 26, 2018, Mr. Cavallo points out that the Township determined that the 100% affordable development at the Cameco/PIRHL properties is a superior location for residential development due to the proximity to transit options and private and public amenities and services.

The Township entered into a Settlement Agreement on July 13, 2020 to acquire the property for \$6.25 million and to deed restrict the property to be used only for "open space, conservation and/or public park enjoyment". The Township is seeking Green Acres funding to preserve the site.

885 BLOOMFIELD AVENUE – BLOCK 2205, LOT 6

The Township Council adopted resolution 2019-56 on February 11, 2019, which established the above referenced property as an area in need of redevelopment subsequent to an investigation performed by the Planning Board pursuant to N.J.S.A. 40A:12A-5. The property in question is a narrow 1.77 acre lot fronting on Bloomfield and having a depth of 100 feet at its largest point and 84.9 feet at its narrowest point. South of the property is a single-family neighborhood along Fells Road. The rear of the property along the Fells Road residences is wooded and sloped.

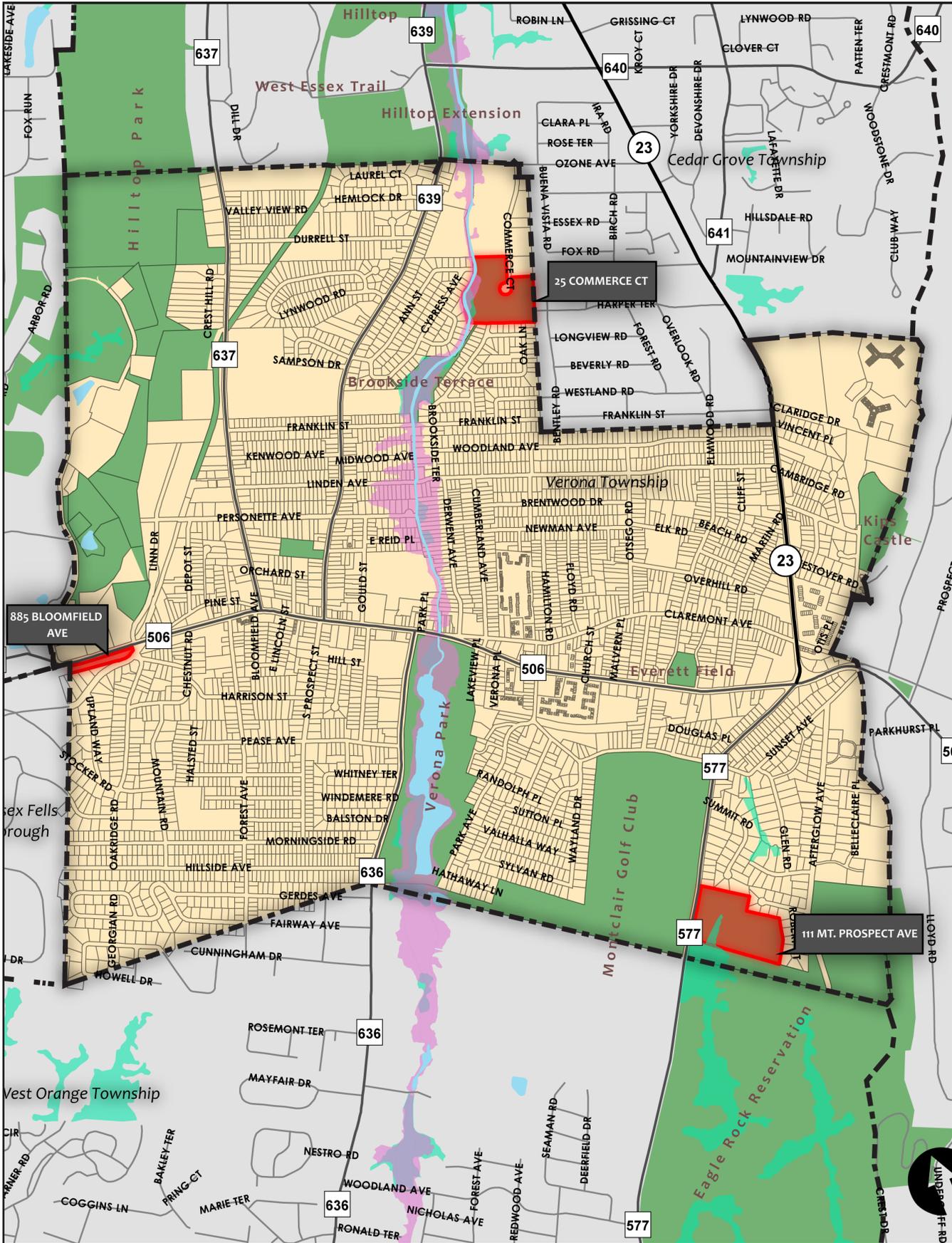
The Township never adopted a Redevelopment Plan for the property. The property owner had previously shared with the Township a conceptual plan depicting a 60-unit inclusionary townhouse development with 0-foot front yard setbacks along Bloomfield Avenue and wooded buffers only three feet deep along the rear property lines shared the Fells Road residential properties.

The Township has not included the proposed project in its Housing Element and Fair Share Plan for the following reasons:

- ▶ The Township has satisfied its obligation through new inclusionary and 100%-affordable projects on more suitable properties and through the adoption of an inclusionary overlay zoning ordinance in the Township's Center (TCMU Zone);
- ▶ The conceptual plans demonstrate that the lot dimensions cannot accommodate the development densities sought by the property owners while also providing:
 - ◆ Sufficient setbacks between the dwellings and busy Bloomfield Avenue to mitigate the impact of vehicle-borne air and noise pollution on their occupants; or
 - ◆ Screening or buffers between the existing residences on Fells Avenue and the proposed residences.

INCLUSIONARY ZONING

The Township has adopted the Town Center Mixed Use (TCMU) Overlay Zone on Block 1807 Lots 2 through 12 and 14, which permits ground floor commercial uses and up to 70 residential units along Bloomfield Avenue with the standard 15%/20% set-aside requirements for rental / for-sale development. This overlay zone will allow interested developers to create as many as 14 affordable housing units in the center of the Township's main street district and in close proximity to public services and facilities including parks and schools as well as a variety of commercial services, making it a highly ideal location for such high-density zoning.

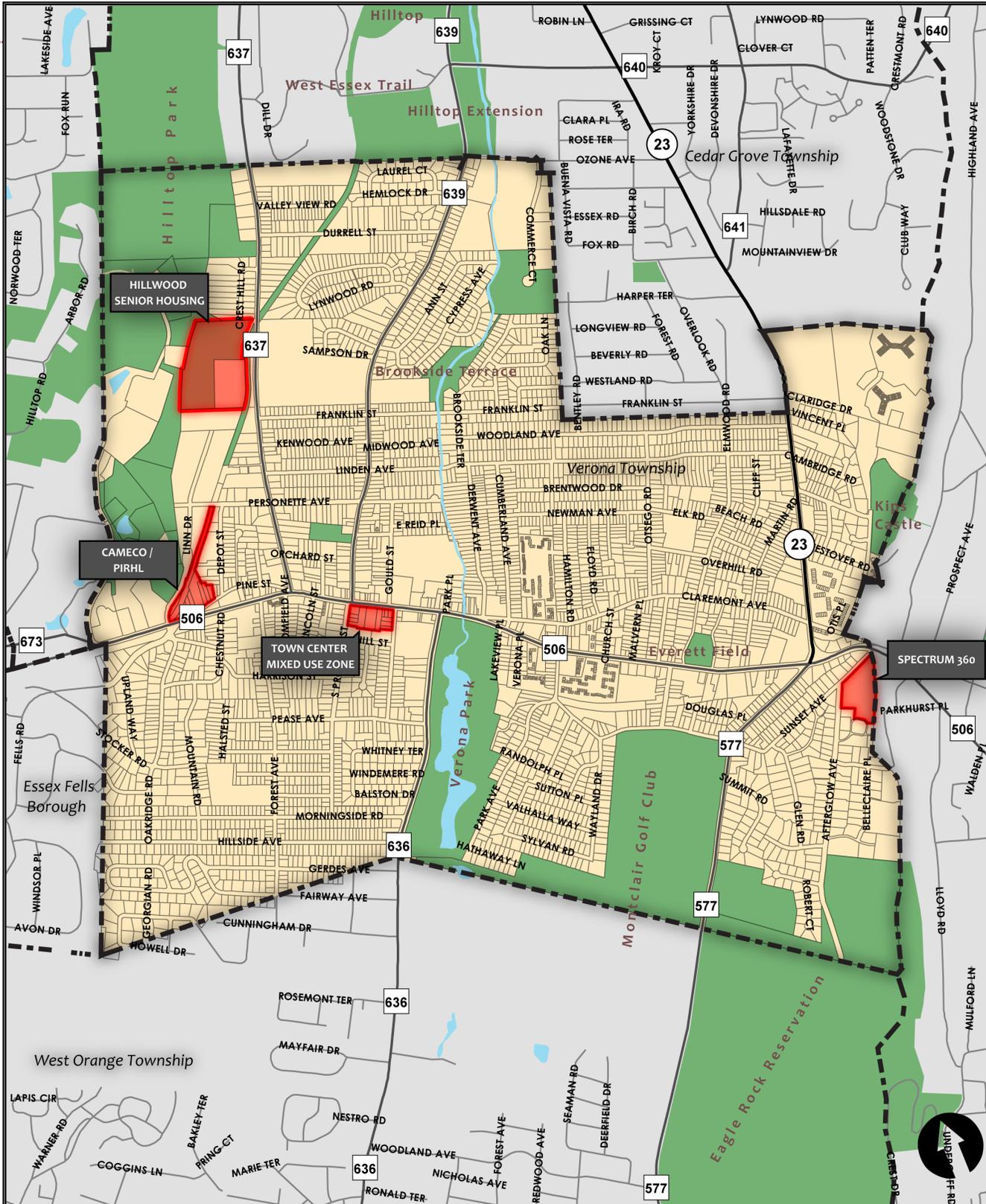


Map 3. Considered Lands

4 • LANDS CONSIDERED FOR AFFORDABLE HOUSING

FAIR SHARE PLAN - PROSPECTIVE NEED

Verona Township's Fair Share Plan to address its 24-unit Prior Round obligation and its 215-unit Third Round Prospective Need includes 59 pre-existing senior rental units at Hillwood Senior Housing, 11 existing special needs units operated by three separate entities, and 110 proposed affordable family rental units at the 100%-affordable PIRHL/Cameco site and the inclusionary development at 1 Sunset Avenue (Spectrum 360).



Map 4. Fair Share Plan Sites

SPECTRUM PROPERTY- 1 SUNSET AVENUE – BLOCK 303, LOT 4 (APPENDIX 9)

The Spectrum 360 site is an 8-acre property at the above referenced location having 5.5 acres in the Township of Verona and over 2.5 acres in the Township of Montclair. The property has for decades been home to the “Lower School” of the Spectrum 360 (hereinafter “Spectrum”) school serving persons on the autism spectrum and with related disabilities (formerly known as The Children’s Institute). Given that the Lower School Campus lacks adequate space to expand to meet Spectrum’s increasing service demands, Spectrum sought and was granted leave to intervene in the Township’s 2015-filed Declaratory Judgment Action as an interested party seeking to have its property included in the Township’s Housing Element and Fair Share Plan as an inclusionary development with an affordable housing set-aside for family housing.



Map 5. Spectrum 360 / 1 Sunset Site

On May 31, 2019, the Township and Spectrum entered into a Settlement Agreement which established, among other things, that the Township would designate the property as an area in need of redevelopment and adopt a redevelopment plan having the effect of permitting inclusionary development for the purposes of addressing the Township’s affordable housing obligation.

The Township Council designated the property as an area in need of redevelopment by way of resolution 2019-140 passed on August 19, 2019. The Township and Spectrum entered into an amended Settlement Agreement on January 31, 2020 which established that the property may be developed with a maximum of 200 dwelling units of which 15 units would be set-aside for low-and moderate-income households, and that the developer of the property will also be required to make a payment of \$3.25 million into the Township’s Affordable Housing Trust Fund. The payment in-lieu will be used to pay down debt accumulated by the Township to acquire and prepare the Cameco properties for the 100% affordable PIRHL project also included in this Plan. The agreement establishes that the affordable units shall comply with the UHAC.

The Township adopted a Redevelopment Plan on December 12, 2020 which permitted an inclusionary development having a maximum height of 60 feet and a maximum of 200 dwelling units in the Verona Township portion of the property. The Redevelopment Plan was last amended on March 8 2021 by Ordinance 2021-01

The Fairness Review prepared by Special Master Beth McManus, PP, AICP, LEED AP in the Township’s affordable housing matter concluded that the site was suitable and that the Settlement Agreement between the Township and Spectrum was fair to low- and moderate-income households. The specific language in the Special Master’s letter concerning the suitability of the site for creation of affordable housing is as follows:

“For the Agreement to be found fair to the interests of low- and moderate-income households, there must be a finding that the site intended for development is suitable for construction of affordable housing. COAH has adopted rules which specify that inclusionary development sites must “available, suitable, developable and approvable, as defined in N.J.A.C. 5:93-1” (N.J.A.C. 5:97-5.3(b)). These rules provide guidance on the determinate of site suitability. The following provides a summary of site suitability; however, the Township’s future housing element and fair share plan will also need to provide additional detail.

- ▶ *“Available site” means a site with clear title, free of encumbrances which preclude development for low- and moderate-income housing.*

The Township and Spectrum have represented that the site has a clear title and has no encumbrances which would preclude its development with market rate and affordable housing in accordance with the Agreement.

- ▶ *“Suitable site” means a site that is adjacent to compatible land uses, has access to appropriate*

streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4.

As detailed above, the site is adjacent to compatible land uses. Access will be provided to Sunset Avenue and Bloomfield Avenue. The site has substantial steep slopes; however, their presence does not preclude the site from being developed as set forth in the Settlement Agreement, including the Alternative development for 300 units. The majority of the redevelopment will occur in locations that have been previously developed and not subject to steep slopes and the majority of steep slope areas are along the periphery which are not proposed for redevelopment.

- ▶ *“Developable site” means a site that has access to appropriate water and sewer infrastructure, and is consistent with the applicable areawide water quality management plan (including the wastewater management plan) or is included in an amendment to the areawide water quality management plan submitted to and under review by DEP.*

The site is served by public water and sewer and the Township represents there is adequate water and sewer, including for the Alternative project.

- ▶ *“Approvable site” means a site that may be developed for low and moderate income housing in a manner consistent with the rules or regulations of all agencies with jurisdiction over the site. A site may be approvable although not currently zoned for low and moderate income housing.*

The site appears to be developable consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21. The site does not contain any historic or architecturally important structures and is not within an historic district.

...

Considering the analysis above, the Spectrum site passes the threshold test for site suitability: it is adjacent to land uses which would be compatible with inclusionary development, has adequate access, and appears to be otherwise available, approvable, and developable as these terms are defined in COAH rules and have been relied upon by Court routinely in Mount Laurel cases.”

It should be noted that the property is located in Planning Area 5 – Environmentally Sensitive Area, but that the policy guidance for those areas is to protect existing natural habitats and open space and to prevent encroachment into those spaces while allowing for development in Centers and previously developed areas. The proposed development is a redevelopment of a previously disturbed area and will therefore not cause harm to environmental resources.

The Township Council adopted a resolution on June 7, 2021 (Resolution 2021-082) designating Verona Sunset Urban Renewal, LLC (Hereinafter “Sunset”) as the redeveloper for the property. Sunset submitted plans to the Township Council in November and December of 2021 for review for consistency with the Redevelopment Plan and Redevelopment Agreement prior to submission to the Planning Board. A Redevelopment Agreement was entered into on January 17, 2022 between the Township and Sunset establishing further requirements for the project (such as the affordable housing standards and resident amenities) and restating the requirement for Sunset to pay \$3.25 million into the Township’s Trust Fund. The Agreement also states that Sunset will contract with an affordable housing administrator of the Township’s choosing.

The Township’s compliance plan proposes to use five (5) of the 15 affordable units from this development toward the Prior Round obligation and to use the remaining 10 units toward satisfaction of the Prospective Need. **Chart 25 - “Compliance Mechanisms”** also shows that the project will generate 5 rental bonus credits to be used toward the Prior Round obligation and 10 rental bonus credits to be used toward the Prospective Need on top of the credits from the 15 actual units.

CAMECO / PIRHL 100% AFFORDABLE DEVELOPMENT – BLOCK 2301, LOTS 11, 12, 14-19 (APPENDIX 10)

The Township has acquired the above referenced properties which are bounded by Linn Drive, Bloomfield Avenue, and Pine Street, and across Linn Drive from the Township’s recreation center. Prior to Township acquisition, the properties contained a mixture of uses including single-family dwellings, a vacated former

meat packaging facility, a commercial use, and vacant land. The Township Council designated Block 2301, Lots 1 through 19 as an area in need of redevelopment on February 11, 2019 (Resolution 2019-55) and adopted a Redevelopment Plan for those properties on June 17, 2019 (Ordinance 2019-16). The Redevelopment Plan was amended twice, with the most recent amendment being adopted on June 29, 2020 (Ordinance 2020-14).

The properties in question have a combined area of just over five (5) acres.

The Township appointed PIRHL Developers, LLC as the designated redeveloper and the two parties entered into a Redevelopment Agreement which was amended as recently as September 3, 2020. The Agreement provides for the construction of a 100% affordable housing project consisting of not less than 95-units across three (3) buildings, which will meet the bedroom distribution required by UHAC. The Agreement also states that the Township may be required to contribute \$500,000 to the project from its Affordable Housing Trust Fund to make the project realistic. The project has an expected completion date of August 2024.



Map 6. CAMECO/PIRHL site

The site is available, suitable, developable, and approvable as shown, below:

- ▶ “Available site” means a site with clear title, free of encumbrances which preclude development for low- and moderate-income housing.

The Township has acquired the properties for affordable housing development purposes and authorized debt in the amount of \$8 million in order to pay for that acquisition.

- ▶ “Suitable site” means a site that is adjacent to compatible land uses, has access to appropriate streets and is consistent with the environmental policies delineated in N.J.A.C. 5:93-4.

The site is a previously developed area having frontage on Bloomfield Avenue and proximity to the Township’s recreation center along Linn Drive as well as amenities along Bloomfield Avenue. The site has no environmental constraints and it is located in the State Planning Area 1, the Metropolitan Planning Area.

- ▶ “Developable site” means a site that has access to appropriate water and sewer infrastructure, and is consistent with the applicable areawide water quality management plan (including the wastewater management plan) or is included in an amendment to the areawide water quality management plan submitted to and under review by DEP.

The site is served by public water and sewer and there is adequate water and sewer service for the planned 95 units.

- ▶ “Approvable site” means a site that may be developed for low- and moderate-income housing in a manner consistent with the rules or regulations of all agencies with jurisdiction over the site. A site may be approvable although not currently zoned for low- and moderate-income housing.

The site appears to be developable consistent with the Residential Site Improvement Standards, N.J.A.C. 5:21. The site does not contain any historic or architecturally important structures and is not within an historic district.

All 95 units from the PIRHL/Cameco project will be used to address the Third Round Prospective Need. As a family rental, the project is eligible for rental bonuses equal to 25% of the 215-unit Prospective Need, or 54 bonus credits on top of the 95 credit-worthy units. The developer expects that the project will be completed by August of 2024. The compliance plan at [Chart 25 - “Compliance Mechanisms”](#) shows only 44 of those potential bonus credits being used.

**HILLWOOD / VERONA SENIOR HOUSING – 100 HILLWOOD TERRACE
- BLOCK 2701, LOT 23 (APPENDIX 11)**

The Hillwood Senior Housing project was completed in 1979 and funded through New Jersey Housing and Mortgage Finance Agency (HMFA) as a Section 8 apartment building with 159 units. COAH granted substantive certification to the Township in 1995 for a Second Round Plan that used the project to satisfy the Township's Prior Round obligation of 27 units.

A letter submitted from HMFA to the Township in 1986, contained in the appendices of this HEFSP, states that 30% of the units at the time were retained for tenants with "Very Low Incomes" based on HUD standard, which corresponds to COAH's "low" income category. A letter submitted from the current property manager to DMR Architects in September 2022 shows that 127 units are reserved for HUD's "extremely low income" category, which matches COAH's very-low-income category. Thirty-eight (38) units are priced for HUD's "very-low" or COAH's "low" income categories, and four (4) units are priced for HUD's "low" or COAH's "moderate" income categories.



Map 7. Hillwood Senior Housing

Per the Settlement Agreement with Fair Share Housing Center, only 59 units from this development, equal to about 25% of the Township's total new construction obligation, may be used to address the Prior and Third Round fair share obligations. As shown in **Chart 25 - "Compliance Mechanisms"**

SPECIAL NEEDS UNITS (APPENDIX 12)

Eleven (11) special needs bedrooms from existing group homes or subsidized housing units for special needs persons are also included in the compliance plan contained at paragraphs 6 and 7 of the Settlement Agreement with FSHC.

▶ **ARC of Essex County**

The ARC of Essex County operates a six (6) bed group home in the Township which was constructed with a \$250,000 loan from the County of Essex and \$450,000 in a private loan. The 2006 loan agreement with Essex County contains income restrictions and minimum affordability period of 15 years which expired in 2021. ARC continues to operate the group home notwithstanding the expiration of the 15-year controls. The group home is eligible for 1-for-1 credits for each bedroom; all six (6) units are proposed to be applied toward satisfaction of the Prior Round Obligation.

▶ **Jewish Services for the Developmentally Disabled (JSDD)**

JSDD operates two (2) separate supervised apartments in the Township, each occupied by one income eligible person with developmental disabilities for a total of two (2) credit-worthy special needs units. The 2010 deed for one unit states that that unit shall be subject to the Federal HOME program affordability standards for 20 years, and the 2006 deed for the second unit states that the unit shall be subject to the HOME program affordability requirements for a period of 99 years. The two (2) units will be applied to the Township's Prior Round Obligation.

▶ **Project Live X**

Project Live X operates a three-person facility which was funded through a loan from the County of Essex subject to the Federal HOME program affordability standards for a period of 20 years. The property is creditworthy for three (3) units which will be applied towards the Township's Third Round Prospective Need.

Chart 25. Compliance Mechanisms

PROJECT DETAILS					24-UNIT PRIOR ROUND ALLOCATION			215-UNIT THIRD ROUND ALLOCATION		
PROJECT / SITE	TYPE	STATUS	TOTAL UNITS	AFFORDABLE UNITS	UNITS	BONUSES	TOTAL CREDITS	UNITS	BONUSES	TOTAL CREDITS
HILLWOOD / VERONA SENIOR HOUSING	Senior Rentals	Existing	159	159	6	0	6	53	0	53
CAMECO/PIRHL	Family Rentals	Developer's Agreement	95	95	0	0	0	95	44	139
SPECTRUM 360 / 1 SUNSET AVENUE	Family Rentals	Developer's Agreement	200	15	5	5	10	10	10	20
ARC OF ESSEX COUNTY	Special Needs Units	Existing	6	6	6	0	6	0	0	0
JEWISH SERVICES FOR THE DEVELOPMENTALLY DISABLED	Special Needs Units	Existing	2	2	2	0	2	0	0	0
PROJECT LIVE X	Special Needs Units	Existing	3	3	0	0	0	3	0	3
TOTAL CREDITS FOR PRIOR AND THIRD ROUND COMPLIANCE					19	5	24	161	54	215

Chart 26. Required Minimums and Maximums

REQUIREMENT	FORMULA		MAXIMUM/MINIMUM AMOUNT	PROVIDED
SENIOR MAXIMUM	25% x New Construction Obligation (Round Down)	25% x 239	59 units	59 units
RENTAL BONUS MAXIMUM	25% x New Construction Obligation (Round Up)	25% x 239	60 bonus credits	59 bonus credits
FAMILY MINIMUM	50% x Units Addressing Third Round	50% x 161	81 units	105 units
LOW INCOME MINIMUM (INCLUDING VERY-LOW INCOME)	50% x Units Addressing Third Round	50% x 161	81 units	<ul style="list-style-type: none"> ▶ PIRHL/CAMECO: 48 ▶ Sunset/Spectrum: 8 units ▶ Hillwood: 53 units ▶ Project Live X: 3 units
FAMILY LOW INCOME MINIMUM (INCLUDING VERY-LOW INCOME)	50% x New Units Created	50% x 110	55 units	<ul style="list-style-type: none"> ▶ PIRHL/CAMECO: 48 ▶ Sunset/Spectrum: 8 units
VERY LOW INCOME MINIMUM	13% x New Units Created	13% x 110	14 units (Per Settlement Agreement)	<ul style="list-style-type: none"> ▶ PIRHL/CAMECO: 12 ▶ Sunset/Spectrum: 2 units

FAIR SHARE PLAN - OTHER COMMITMENTS

TOWN CENTER MIXED USE OVERLAY ZONE DISTRICT – BLOCK 1807, LOTS 2 THROUGH 12 AND LOT 14 (APPENDIX 13)

In addition to the mechanisms shown in **Chart 25 - "Compliance Mechanisms"** addressing the Prior Round and Third Round New Construction Obligations, the Township adopted an overlay zone permitting as many as 14 affordable units through mixed use inclusionary development with up to 70 total residential units in the Township's downtown.

The Township adopted overlay zoning on the above reference properties on October 17, 2022 consistent with the requirements of its Settlement Agreement with Fair Share Housing Center. The overlay zone permits one or more buildings up to three stories in height along the south side of Bloomfield Avenue between Montrose Avenue and South Prospect Street, having non-residential uses on the ground floor and residential uses on the second and third floors. The ordinance also permits ground-level residential units at least 50 feet from Bloomfield Avenue, and permits a maximum of 70 units in the Overlay Zone or a maximum density of 22 units per acre.



Map 8. TCMU Overlay Zone

The zoning affects a 3.24-acre area located within a designated sewer service area. The lots are currently within the TC- Town Center Zone and the C-2 – Professional Office and Business Zone (Lots 3 and 4 on Block 1807). Both existing zones permit commercial uses and conditionally permit a mix of non-residential and residential uses in one building. One of the conditions for such a mixture is that there must be an equal mix of each principal use in a building – which would effectively require 50% of the square footage of the building to be commercial and 50% to be residential.

The properties in question are occupied by commercial uses including a gasoline station, personal services, and retail in 1- or 1.5-story buildings in the Township's town center. Surrounding uses include commercial and civic uses fronting upon Bloomfield Avenue and residential uses along intersecting streets. The properties are not within a flood hazard area nor do they have other environmentally sensitive conditions.

The TCMU Overlay Zone is located in Planning Area 1 – the Metropolitan Planning Area – which represents the portions of the State in which infill development and redevelopment is encouraged.

Any development completed in compliance with the overlay zone shall be required to set aside units for low- and moderate-income households at a rate of 15% of all residential units for rental projects a 20% of all residential units for for-sale projects. These units are not required to be completed to satisfy the Third Round Prospective Need.

In order to ensure that the provision of parking is not an obstacle to the creation of the maximum number of units on the property, the ordinance sets a parking ratio of 1.5 spaces per unit, which is lower than the Residential Site Improvement Standard of 1.8 spaces/unit for 1-bedroom apartments, 2 spaces/unit for 2-bedroom apartments, and 2.1 spaces per unit for 3-bedroom apartments (N.J.A.C. 5:21-4.14, Table 4.4). The ordinance also allows for on-site parking structures up to 28 feet in height and provides for off-site parking arrangements.

TOWNSHIP WIDE INCLUSIONARY SET-ASIDE REQUIREMENT

The Township will maintain and continue to enforce §150-19.3, which requires any approved multifamily project in the Township that results in the creation of five (5) or more new units to set-aside 15% or 20% of those units for affordable housing purposes depending on whether the units are rental or for-sale, respectively.

REHABILITATION (APPENDIX 5)

The Court-approved Settlement Agreement with Fair Share Housing Center assigns the Township with a Present Need / Rehabilitation Obligation of 23-units. The Rehabilitation Obligation is calculated from U.S. Census data reflecting the number of units that lack adequate plumbing, the number of units that lack adequate kitchens, and the number of units that are inhabited by more than one (1) person per room in the housing unit and which were constructed at least 50 years ago.

The Settlement Agreement with Fair Share Housing Center permits the Township to conduct a “Structural Conditions Survey”, which is a tool created by COAH for municipalities to adjust their calculated Present Need to better reflect conditions on the ground. The Survey, which requires the assessment of exterior conditions of housing units in the municipality by a licensed building inspector, is designed to be able to be conducted from a slow moving car. Housing units that have one “major” building component (Roof/chimney, facade, foundation) or two “minor” building components (stairs, gutters, doors/windows, fire escapes) in fair or poor condition as visible from the outside must be counted as “deficient”. The total number of deficient units identified in the Survey is then multiplied by a COAH-Region-level ratio representing the percentage of deficient units occupied by low-and-moderate income households in order to calculate the reduced Present Need number.

DMR and Verona Township conducted two drive-throughs around Verona to identify potentially deficient units and to consider whether properties with known issues meet the deficiency criteria as outlined in the Structural Conditions Survey guidelines from N.J.A.C. 5:94. This exercise identified 13 units that met the deficiency criteria, which, when multiplied by the low- and moderate-income ratio of 0.714 for Region 2 as published in N.J.A.C 5:94 results in a new Present Need obligation of 10 units.

COAH’s Second Round Rules at N.J.A.C. 5:93-5.2(c) allow municipalities to either address their Present Need through municipal-run programs or to enter into agreements with other governmental or private entities to address some or all of the rehabilitation obligation. The Township participates in the County of Essex Home Improvement Program (HIP), which is funded with Community Development Block Grant (CDBG) funds from the Federal Government. The HIP program offers up to \$35,000 per dwelling for repairs and lead abatement work, and places a 10-year lien on funded units.

Due to the constraints of the CDBG funding, the HIP program is only permitted to rehabilitate owner-occupied units, whereas N.J.A.C. 5:93-5.2(f) requires that rental units must also be addressed.

Consistent with COAH rules, the Township has created a realistic opportunity for the rehabilitation of owner-occupied units through its participation in the County HIP program. Just 17% of all occupied units in the Township are renter-occupied. A program that funds owner- and renter-occupied rehabilitation proportionate to the owner- and renter-occupied housing stock would fund rehabilitation of eight (8) owner units and two (2) renter units. The Township will dedicate \$40,000 from its affordable housing trust fund to rehabilitate two (2) deficient renter-occupied units in the Township during the Third Round.

ADMINISTRATION AND MARKETING OF AFFORDABLE HOUSING

The Township of Verona adopted its Affordable Housing and Development Ordinances as part of the adoption of its 2008 Third Round Housing Element and Fair Share Plan, for which COAH did not award substantive certification before the Appellate Division invalidated N.J.A.C. 5:97 and 5:98 in 2010. The Township is amending these ordinances in order to comply with the Court-approved Settlement Agreement with Fair Share Housing Center, and to ensure conformance with the UHAC, FHA, and Municipal Land Use Law (MLUL) at N.J.S.A. 40:55D-1 et seq. (See Appendix 14)

The amended affordable housing ordinance will clearly establish the required bedroom and income distributions. It will also contain affirmative marketing requirements contained in the UHAC as amended or expanded upon by the Settlement Agreement, including listing the parties and organizations identified by FSHC in the Settlement Agreement to receive all marketing materials and communications. An Affirmative Marketing Plan can be found in Appendix 8.

The Township has appointed an administrative agent to administer the new affordable housing units to be created at the PIRHL and Spectrum sites as well as any affordable units created through the TCMU Overlay Ordinance and the Township-wide inclusionary set-aside requirement. The existing age-restricted units at Hillwood Senior Housing have been and will continue to be administered by NJ HMFA. The existing eleven special needs units have been and will continue to be administered by the NJ Division of Developmental Disabilities.

Figure 9. Specific Entities for Marketing

- ▶ The Fair Share Housing Center
- ▶ The New Jersey State Conference of the NAACP,
- ▶ The Latino Action Network
- ▶ Newark NAACP
- ▶ Oranges and Maplewood NAACP
- ▶ Morris County NAACP
- ▶ Elizabeth NAACP,
- ▶ The Supportive Housing Association

COST GENERATION

Subchapter 10 of N.J.A.C 5:93 requires COAH (or in this case the Court) to ensure that municipal land use ordinances, including or especially those permitting or providing for inclusionary or 100% affordable development, are not overly burdensome as to prevent the number of affordable units from being created as are needed to address the municipal fair share obligation. The PIRHL/Cameco and Spectrum / Sunset Avenue Redevelopment Plans have been crafted in collaboration with the prospective developers of those sites, and concept plans have been crafted in conformance to the Redevelopment Plans and Redevelopers Agreements which demonstrate the ability of the developers to achieve the agreed upon affordable unit yield.

The TCMU Overlay Zone also contains flexible language and provisions to ensure that the site can realistically accommodate 70 residential units of which 11 to 14 would be affordable. These provisions include off-site parking options and the ability to provide ground-level residential units where the current zoning only permits apartments above ground level and a residential-to-commercial gross floor area ratio of 50% whereas the zoning permits a ratio in excess of two-thirds the total gross floor area.

MONITORING

In accordance with the Settlement Agreement with Fair Share Housing Center, the Township will provide annual reporting on the status of all of the Township's affordable housing activity, as well as a status report on the provision of very-low income units within 30 days of the third anniversary of the Settlement Agreement. The annual status reports regarding general affordable housing activity must be published on the municipal website and shared with Fair Share Housing Center using reporting forms previously developed by COAH or a replacement found suitable by the Special Master or FSHC.

The triennial reporting on very low income units shall follow the same reporting requirements except that they shall also invite any interested party to submit comments regarding whether the municipality has complied with its very-low income set-aside requirement.

CONCLUSION

This 2022 Third Round Housing Element and Fair Share Plan prepared for and adopted by the Township of Verona, Essex County, New Jersey, complies with the Settlement Agreement entered into between the Township and Fair Share Housing Center dated March 10, 2021 and approved by the Honorable Robert H. Gardner, JSC by way of a Fairness Order dated September 15, 2021.

The Plan provides for the rehabilitation of 23 existing substandard dwellings in the Township occupied by low- and moderate- income households; the creation of 110 new affordable housing units which, when combined with 59 existing affordable senior units, 11 existing special needs units, and 59 eligible bonus credits satisfy the combined Prior Round and Third Round new construction obligation of 239 units; and the adoption of an overlay zoning ordinance on properties within the Township's downtown to permit the creation of up to 14 affordable units through inclusionary development. The Plan also accounts for the preservation and enforcement of the Township-wide inclusionary set-aside requirement of the Township's Affordable Housing Ordinance which requires projects creating five or more new units to set aside 15% of new rental units or 20% of new for-sale units.

The Appendices to this HEFSP include other required components of the Plan including the Spending Plan, adopting and endorsing resolutions, documentation of the creditworthiness of the affordable housing mechanisms, and documentation concerning the affirmative marketing and administration of the Township's affordable housing program.

APPENDIX

1

SPENDING PLAN

SPENDING PLAN

BACKGROUND

The Township of Verona adopted its first Development Fee ordinance on March 5, 2007 (approved by COAH on May 3, 2007) setting fees to be levied on developers of non-residential development or residential development not having an affordable housing set-aside. The Township prepared its first Spending Plan in 2008 as part of its petition for Third Round Substantive Certification, which was never granted.

As of September 1, 2022, the Township's affordable housing trust fund has a balance of **\$235,486**. All development fees, other income, and interest generated by the fund are kept in an interest-bearing affordable housing trust fund account at Citizens Bank for these purposes, with separate journal entries for the differing revenue and expenditure items.

The Township requests the Court's approval that the expenditures of funds contemplated under the Township's HEFSP and Spending Plan constitute "commitment" for expenditure pursuant to N.J.S.A. 52:27D-329.2 and -329.3, with the four-year time period for expenditure designated pursuant to those provisions beginning to run with the entry of a final judgment approving the Township's HEFSP and Spending Plan in accordance with the provisions of *In re Tp. Of Monroe*, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563).

REVENUES

The Township anticipates the following forms of revenue during the remainder of the Third Round:

1. **Development Fees:** Between February of 2017 and August of 2022, the Township collected \$347,252.51 of development fees, \$289,627 of which was collected from a single project (Annin Lofts). After subtracting fees collected from Annin Lofts, the Township collected \$57,625.51 in development fees, for an average of \$9,604.25 over six years, mostly from single-family housing projects and one non-residential project. The Township anticipates a slight increase in development fee revenues as the non-residential development fee will be increased from 2% to the statutorily required 2.5%. However, between 2017 and 2022 only one non-residential project paid a development fee. The projected development fees account for:
 - ▶ Residential and nonresidential projects that have had development fees imposed upon them at the time of preliminary or final development approvals.
 - ▶ All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy.
 - ▶ Future development that is likely to occur based on historical rates of development.
2. **Payments In-Lieu of Constructing Units (PIL):** The Township of Verona expects to receive a payment of \$3.25 million from the Spectrum 360 project, which will be paid into the Affordable Housing Trust Fund.
3. **Projected interest:** Based on the current average interest rate, interest earned in recent years, and projected rates of development fee revenue, Verona Township anticipates collecting \$7,345 in interest through 2025.
4. **Security Deposit Assistance Repayments:** The Township's Security Deposit Affordability Assistance Program described elsewhere in this Spending Plan will make zero-interest loans to affordable housing renters to cover security deposits for affordable rental units. These loans must be paid back at such time that the recipient vacates the rental unit. The Township's spending plan accounts for the possibility that up to one-third of these payments will be recycled into the trust fund in 2024 and 2025.

PILs such as the \$3.25 million payment to be received from the Spectrum 360 project may only be used for permitted "Housing Activity" and must be "committed" to be used within four (4) years of the date of payment. Permitted Housing Activity includes:

- ▶ Rehabilitation activity;

- ▶ New construction of affordable housing and related costs, including acquiring and improving land and / or extending infrastructure to serve an affordable housing project;
- ▶ Purchase of market rate or affordable units to create or extend affordability controls;
- ▶ Green-building strategies designed to reduce costs for LMI households in either new or existing housing;
- ▶ Maintaining and repairing affordable units;
- ▶ Defraying the cost of structured parking serving an affordable housing project; or
- ▶ Repaying bonds issued to finance LMI housing activity.

Spending Plan Chart 1. Projected Revenues Fourth Quarter 2022 through First Half of 2025

REVENUE SOURCE	STARTING BALANCE	Q4 2022	2023	2024	H1 2025	2022-2025 TOTAL
DEVELOPMENT FEES		\$2,401	\$9,604	\$9,604	\$9,604	\$31,214
INTEREST		\$565	\$2,260	\$2,260	\$2,260	\$7,345
PAYMENTS IN LIEU			\$3,250,000			\$3,250,000
OTHER				\$24,964	\$24,964	\$49,928
TOTALS	\$235,486	\$2,966	\$3,261,864	\$36,828	\$36,828	\$3,338,487

ADMINISTRATIVE MECHANISMS TO COLLECT AND DISTRIBUTE FUNDS

The following steps for the collection and distribution of development fee revenues shall be followed by Verona Township.

- A. Collection of development fee revenues. All collection of development fee revenues will be consistent with Article XXI of the Township’s Zoning Ordinance and the requirements of N.J.S.A. 40:55D-8.1 through -8.7.
- B. Distribution of development fee revenues. The Municipal Affordable Housing Administrator, in concert with the Township Manager and Chief Financial Officer will process the distribution of funds. The release of such funds requires the adoption of a resolution by the Township Council. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the trust fund for the specific use approved in the governing body’s resolution.

DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

Verona Township proposes to use the funds in the trust fund for the below listed items, pursuant to N.J.A.C. 5:93-8.16(a) and (c), during the Third Round:

- ▶ Rehabilitation program sufficient to rehabilitate 2 substandard rental housing units occupied by very-low, low-, and moderate-income households;
- ▶ Affordability assistance to very-low, low- and moderate-income buyers and renters of affordable housing units to lower the up-front costs of purchasing or renting a home through closing cost assistance, rental assistance, and security deposit assistance; and
- ▶ Per its Redevelopment Agreement with PIRHL, the Township may be required to contribute as much as \$500,000 from its affordable housing trust fund to the development of the 100%-affordable PIRHL/ CAMECO project. The Township is prepared to commit additional funds from the Spectrum 360 PIL to the completion of the PIRHL project if the project is not able to secure tax credits or other funding needed to make the project realistic.
- ▶ The Township will use the balance of its trust fund account to pay down debt accumulated by the Township in relation to the Cameco/PIRHL 100%-affordable project.

At least 30% of collected development fees, excluding expenditures made from the affordable housing trust fund, shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the Fair Share Plan. Additionally, no more than 20% of the revenues collected

from development fees and from PILs collected prior to the adoption of the Roberts Bill (P.L. 2008, c. 46), shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to prepare or implement a rehabilitation program, a housing element and fair share plan, and/or an affirmative marketing program.

For any other uses of affordable housing trust funds, the Township shall apply to a court of competent jurisdiction or other authority, as the case may be, for an amendment to the Spending Plan.

AFFORDABILITY ASSISTANCE (N.J.A.C. 5:93-8.16(C))

Verona Township is required to spend a minimum of 30 percent of development fee revenue and interest to render existing affordable units more affordable. At least one-third of that amount must be dedicated to very-low income households (i.e. households earning less than 30 percent of the regional median income) or to create very-low income units.

All of the existing and proposed affordable housing units at the Hillwood Senior Housing site, PIRHL/ Cameco 100% affordable project, and Spectrum 360 / Sunset Avenue inclusionary project are or will be rental units. Therefore, the focus of the Township's affordability assistance program will be Security Deposit Assistance; however, in the event that affordable units created through the TCMU Overlay Ordinance or the Township-wide set-aside requirement are for-sale units, the Township will devote a portion of its Affordability Assistance funding toward a Closing Cost Assistance Program. These programs are described at "Affordability Assistance Programs" on page 6.

Spending Plan Chart 2. Required Minimum Affordability Assistance Spending

ACTUAL DEVELOPMENT FEES & INTEREST TO DATE		\$654,886
DEVELOPMENT FEES PROJECTED Q4 2022 - H1 2025	+	\$31,214
INTEREST PROJECTED Q4 2022 - H1 2025	+	\$7,345
TOTAL	=	\$693,445
30 PERCENT OF DEVELOPMENT FEE AND INTEREST REVENUES	x 0.30 =	\$208,033
LESS AFFORDABILITY ASSISTANCE EXPENDITURES TO DATE	-	\$-
PROJECTED MINIMUM AFFORDABILITY ASSISTANCE REQUIREMENT	=	\$208,033
PROJECTED MINIMUM VERY LOW-INCOME AFFORDABILITY ASSISTANCE REQUIREMENT	÷ 3 =	\$69,344

AFFORDABLE HOUSING CREATION AND REHABILITATION (N.J.A.C. 5:93-8.16(A))

The Township has utilized affordable housing trust funds for the purpose of acquiring property in the PIRHL/ Cameco project area and terminating rental contracts for current residents to expedite redevelopment. The Redevelopment Agreement between the Township and PIRHL states that while the Township is providing land to PIRHL at a nominal cost, the Township may also contribute \$500,000 to PIRHL if necessary to cause the project to be realistically developable.

The Court-approved Settlement Agreement between Fair Share Housing Center and Verona Township assigns the Township a 23-unit rehabilitation obligation. The Township will satisfy the homeowner portion of its rehabilitation obligation through its participation in the County of Essex Home Improvement Program, which provides up to \$35,000 to low-and moderate-income homeowners in substandard housing for major repairs and lead abatement in exchange for placing a 10-year lien on those units in accordance with COAH's rules.

The Township will utilize a portion of the PIL received from Spectrum 360 to fund the rehabilitation of 2 substandard rental units occupied by low- and moderate-income households.

Consistent with COAH rules at N.J.A.C. 5:93-5.2(h), at least one-third of the rental portion of the rehabilitation obligation will be funded in the first year following Judgment of Compliance and repose, and one third of the obligation will be funded in each following year.

ADMINISTRATION (N.J.A.C. 5:93-8.16(E))

COAH rules prohibit municipalities from spending more than 20% of collected development fees and interest accrued in their trust fund toward the cost of administering their affordable housing programs, or implementing their affordable housing plan, preparing the housing plan, and negotiating settlement agreements to determine and address the affordable housing obligation.

Spending Plan Chart 3. Administrative Spending Cap

ACTUAL DEVELOPMENT FEES & INTEREST TO DATE		\$654,886
PILS THROUGH JULY 17, 2008	+	\$-
DEVELOPMENT FEES PROJECTED Q4 2022 - H1 2025	+	\$31,214
INTEREST PROJECTED Q4 2022 - H1 2025	+	\$7,345
TOTAL	=	\$693,445
20 PERCENT OF DEVELOPMENT FEE AND INTEREST REVENUES	x 0.20 =	\$138,689
LESS ADMINISTRATIVE EXPENDITURES TO DATE	-	\$168,436
PROJECTED ALLOWED THIRD ROUND ADMINISTRATIVE EXPENDITURES	=	\$0

The Township has spent more than 20% of its actual and projected development fees and interest from the creation of its Development Fee ordinance to the end of the Third Round. It did not collect PILs prior to the July 17, 2008 amendment to the FHA, which would have been permitted to be used on administrative expenditures. Therefore it may not use its affordable housing trust fund toward Third Round Administrative Spending.

THIRD ROUND SPENDING PLAN SCHEDULE

The Township does not anticipate expending its affordable housing trust funds until 2023, which is the earliest it expects to be required to commit funding to PIRHL and the earliest it anticipates its rental rehabilitation program and security deposit assistance program coming on-line. The Township does not currently have any affordable for-sale units which would be eligible for closing cost assistance. The earliest any such units are likely to be developed is 2024.

Spending Plan Chart 4. Spending Schedule

PROGRAM	Q4 2022	2023	2024	H1 2025	TOTAL
AFFORDABILITY ASSISTANCE					
SECURITY DEPOSIT	\$0	\$74,892	\$74,892	\$37,446	\$187,230
CLOSING COST	\$0	\$0	\$13,869	\$6,934	\$20,803
PIRHL	\$0	\$500,000	\$0	\$0	\$500,000
REHABILITATION	\$0	\$20,000	\$20,000	\$0	\$40,000
DEBT PAYDOWN			\$2,825,940		
TOTAL	\$0	\$594,892	\$2,934,700	\$44,380	\$3,573,973

THIRD ROUND SPENDING PLAN SUMMARY

The Township anticipates receiving \$3,338,487 in revenues into its trust fund and expending all current and projected revenues by July 1, 2025 out of its trust fund to implement its 2022 Third Round Housing Element and Fair Share Plan and comply with the Fair Housing Act and effective COAH rules between the end of 2022 and June 30, 2025.

The Township understands that pursuant to N.J.S.A. 52:27D-329.2 and 329.3 it is required to "commit" all collected revenues for expenditure within four (4) years from the date of collection. This Spending Plan shall constitute a commitment to spend or make available all of its current and future Trust

Spending Plan Chart 5. Third Round Spending Summary

BALANCE AS OF SEPTEMBER 2022	\$235,486
PROJECTED REVENUES Q4 2022- H1 2025	
1. DEVELOPMENT FEES	\$31,214
2. PAYMENTS IN LIEU OF CONSTRUCTION	\$3,250,000
3. INTEREST	\$7,345
4. OTHER REVENUES	\$49,928
TOTAL REVENUE	\$3,338,487
PROJECTED SPENDING Q4 2022- H1 2025	
1. AFFORDABILITY ASSISTANCE	\$208,033

X • SPENDING PLAN

Fund revenues through June 30, 2025.

The Township expects to receive a \$3.25 million Payment In-Lieu of Constructing Affordable housing in 2023. This Spending Plan anticipates spending \$500,000 of those funds towards the PIRHL/Cameco project as may be needed, \$40,000 towards a rental rehabilitation program, and the spending the balance of its funds to pay down debt accumulated to acquire, clear, and prepare property for development of the 100% affordable PIRHL project, leaving a trust fund balance of zero dollars at the end of the Third Round.

Spending Plan Chart 5. Third Round Spending Summary

SECURITY DEPOSIT	\$187,230
CLOSING FEES	\$20,803
ADMINISTRATION	\$-
REHABILITATION	\$40,000
CREATION OF UNITS (PIRHL)	\$500,000
PAY DOWN BONDS (PIRHL)	\$2,825,940
TOTAL EXPENDITURES	\$3,573,973
BALANCE ON JULY 1, 2025	\$0

AFFORDABILITY ASSISTANCE PROGRAMS

The Township will fund the following affordability assistance programs

SECURITY DEPOSIT ASSISTANCE PROGRAM

1. Purpose. To offset the financial hardship likely to occur when an income qualified household signs a lease and is required to pay both the first month's rent and a security deposit (generally the equivalent of one month's rent). Payment of the security deposit out of the affordable housing trust fund alleviates the hardship to the household. However, as with any lease agreement, the tenant will be liable for damage to the unit or any other violation of the lease agreement.
2. Target Population. Very-low, low, and moderate-income households moving into affordable housing units in Verona. Priority will be given to very-low income households.
3. Basis for Funding. The assistance will be provided in the form of an interest-free loan paid from the Township directly to the landlord, which must be paid back in full to the Township's affordable housing trust fund when the tenant receiving the subsidy moves out of the unit. Any amount of the security deposit that is withheld by the landlord as a penalty due to damage to the unit or another violation of the lease will be the responsibility of the tenant to pay back to the Township.
4. Administrative Entity/Procedure. The municipal administrative agent will determine availability of funds and qualification of the unit and prospective tenant household for the subsidy and request authorization to disburse funds from the municipality's Chief Financial Officer (CFO). The CFO will release the funds to the administrative agent, who will pay the funds to the landlord at the time the lease is executed by the landlord and qualifying tenant household. Upon return of the security deposit subsidy to the Township's trust fund, the money will become available again for assistance to income qualified renter households.
5. Advertising of Program. Assistance through this program will be provided automatically, as funds are available, upon execution of the lease for an affordable rental unit in the Township. As such, advertising is not necessary.

CLOSING COST ASSISTANCE

1. Purpose. To offset the financial hardship to low- and moderate-income households when they are required to pay closing costs to purchase a for-sale affordable unit. May include title work and policy, reasonable attorney's fees for closing of title, preparation of survey, homeowner's insurance, recording fees, and other necessary closing expenses to third parties.
2. Target Population. Low- and moderate-income households purchasing affordable for-sale housing units in Verona.
3. Basis for Funding. The Township disburse funds directly to the escrow account for eligible purchasers of affordable for-sale units in the Township upon receiving closing documents. Any utility deposits paid to utility companies are to be returned to the Township's Affordable Housing Trust Fund upon resale of the unit. The buyer will execute documents required to secure payment to Verona Township.
4. Administrative Entity/Procedure. The municipal administrative agent will determine availability of funds and qualification of the unit and prospective tenant household for the disbursement. The municipal administrative agent then requests authorization to disburse funds from the CFO, who disburses funds to the appropriate escrow account. No more than one (1) such disbursement will be offered per household.
5. Advertising of Program. Assistance through this program will be provided automatically, as funds are available, upon the transfer of ownership of an affordable unit in the Township to a qualified household. Advertising of the program to the general public will not be necessary; however, the program information will be placed on the municipal website.

APPENDIX

2

RESOLUTION OF INTENT TO FUND

**TOWNSHIP OF VERONA
COUNTY OF ESSEX, STATE OF NEW JERSEY**

RESOLUTION No. 2023-___

A motion was made by _____ ; seconded by _____ that the following resolution be adopted:

**A RESOLUTION OF THE COUNCIL OF THE TOWNSHIP OF VERONA
EXPRESSING ITS INTENT TO PROVIDE THE FUNDS NECESSARY TO
SATISFY THE TOWNSHIP'S AFFORDABLE HOUSING OBLIGATIONS**

WHEREAS, the Planning Board of the Township of Verona, Essex County, State of New Jersey ("PB") adopted a Third Round Housing Element and Fair Share Plan on _____, 2023 pursuant to N.J.S.A. 40:55D- 28, and N.J.A.C. 5:93, and the Court approved Settlement

Agreement between the Township and Fair Share Housing Center that established the Township's fair share obligation and outlined the Township's compliance mechanisms; and

WHEREAS, the Township Council endorsed the Plan on _____, 2023 at a properly-noticed public meeting; and

WHEREAS, the Township's Housing Element and Fair Share Plan includes a number of compliance mechanisms, such as a Rehabilitation Program to be administered in part by the County of Essex and the remainder by the Township, fifty-nine (59) existing age-restricted apartments at Hillwood Senior Housing, ninety-five (95) new municipally sponsored family rental units in the Depot and Pine Redevelopment Area, fifteen (15) new affordable family renters in an inclusionary project at 1 Sunset Avenue, and eleven (11) existing special needs bedrooms around the Township;

WHEREAS, pursuant to the State's affordable housing regulations and policies, and the conditions of the Court-approved FSHC Settlement Agreement, in order to assure the creditworthiness of the various compliance mechanisms included in its Housing Element and Fair Share Plan, the Township must demonstrate adequate and stable funding sources; and

WHEREAS, since the Township is committed to securing judicial approval of its Affordable Housing Plan, in order to provide an adequate and stable funding source for the components of the Township's Housing Element and Fair Share Plan, the Township shall rely on the funds in its Affordable Housing Trust Fund, established by its Development Fee Ordinance; and

WHEREAS, if -- after exhausting every potential funding source and every valid compliance technique -- the Township still cannot secure sufficient financing to completely satisfy its affordable housing obligations without raising or expending municipal revenues in order to provide low- and moderate-income housing, the Township will cover such costs through bonding and/or other legal means; and

WHEREAS, the Court has indicated its intent to review the Township's Housing Element and Fair Share Plan, and the Township wishes to leave no question as to the Township's intent to cover the cost of implementing its Housing Element and Fair Share Plan or any modification thereof that may be necessary as a result of the Court's review.

NOW, THEREFORE, BE IT RESOLVED by Council of the Township of Verona, County of Essex, State of New Jersey, as follows:

1. In order to provide adequate and stable funding for its rental housing rehabilitation program and the ninety-five (95) municipally sponsored family rental units in its Housing Element and Fair Share Plan, and in order to maintain the timetables set forth in the Settlement Agreement between the Township and Fair Share Housing Center, Verona Township shall make a *bona fide*, diligent, and good faith effort to exhaust the potential funding sources included in "A Guide to Affordable Housing Funding Sources" ("Funding Guide"), dated October 28, 2008, and currently posted on COAH's official website, any updates thereto, or any more recently published and relevant guidance.
2. The Township shall also maximize use of the funds from its Development Fee Ordinance to facilitate the economic feasibility of the Township's Housing Element and Fair Share Plan; and
3. If, after exhausting every potential funding source in the Funding Guide and its Development Fee Trust Fund, the Township still cannot secure sufficient financing to completely satisfy its affordable housing obligations within the timeframe agreed upon between the Township and Fair Share Housing Center and approved by the Court, the Township will fully fund, by way of municipal bonding, any gaps in financing to assure the economic feasibility of the compliance techniques listed above included in the Township's 2023 Third Round Housing Element and Fair Share Plan.
4. The Township reserves the right to recoup any subsidy provided through future collections of development fees as such funds become available.

ROLL CALL:

AYES:

NAYS:

ABSENT:

ABSTAIN:

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF A RESOLUTION ADOPTED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF VERONA AT THE REGULAR MEETING HELD ON XXX, 2023.

**JENNIFER KIERNAN
MUNICIPAL CLERK**

APPENDIX

3

RESOLUTIONS OF ADOPTION & ENDORSEMENT

PLANNING BOARD OF THE TOWNSHIP OF VERONA
RESOLUTION No. 2023-

**RESOLUTION OF THE PLANNING BOARD OF THE TOWNSHIP OF
VERONA TO ADOPT THE 2023 THIRD ROUND HOUSING ELEMENT
AND FAIR SHARE PLAN**

WHEREAS, on March 10, 2021, the Township of Verona (“Township”) entered into a Settlement Agreement with Fair Share Housing Center (“FSHC”) that established the Township’s Prior Round and Third Round Fair Share obligations including both “new construction” and “rehabilitation” obligations and preliminarily approved the Township’s compliance mechanisms to address those obligations consistent with the New Jersey Supreme Court’s March 10, 2015 “Mount Laurel IV” decision. That Supreme Court decision transferred the responsibility of reviewing and approving municipal fair share plans from the Council on Affordable Housing (“COAH”) to designated Mount Laurel trial judges within the Superior Court; and

WHEREAS, the Honorable Judge Robert H. Gardner, J.S.C. filed an Order of Fairness (“Order”) on September 15, 2021 approving the above referenced Settlement Agreement, finding it to be fair to the Region’s low- and moderate-income households; and

WHEREAS, Daniel Hauben, PP, AICP, and Francis Reiner, PP, LLA of DMR Architects prepared a 2022 Third Round Housing Element and Fair Share Plan (“Fair Share Plan”) satisfying the requirements of that Settlement Agreement and Judge Gardner’s Fairness Order; and

WHEREAS, upon notice duly provided pursuant to N.J.S.A. 40:55D-13, the Planning Board (“Board”) of the Township of Verona, Essex County, New Jersey, held a public hearing to consider the adoption of the Fair Share Plan; and

WHEREAS, the Board finds that the Fair Share Plan before it satisfies the requirements of the Settlement Agreement with Fair Share Housing Center and the Order.

NOW, THEREFORE, BE IT RESOLVED, the Planning Board of the Township of Verona, Essex County, New Jersey, hereby adopts the 2023 Third Round Housing Element and Fair Share Plan on this, the _____ day of _____, 2023.

BE IT FURTHER RESOLVED that a copy of this resolution be provided to the Municipal Clerk of the Township of Verona.

ROLL CALL:

YES:

NO:

ABSENT:

ABSTAIN:

ATTEST:

Marcie Macarelli, Secretary
Planning Board, Township of Verona

Jessica Pearson, Chairperson
Planning Board, Township of Verona

**TOWNSHIP OF VERONA
COUNTY OF ESSEX, STATE OF NEW JERSEY**

RESOLUTION No. 2023-___

A motion was made by _____ ; seconded by _____ that the following resolution be adopted:

**ENDORISING THE PLANNING BOARD ADOPTED 2023 THIRD ROUND
HOUSING ELEMENT AND FAIR SHARE PLAN
OF THE TOWNSHIP OF VERONA**

WHEREAS, the Planning Board of the Township of Verona, Essex County, State of New Jersey (“Planning Board”) adopted a Third Round Housing Element and Fair Share Plan on - _____, 2023 at a duly noticed public hearing pursuant to *N.J.S.A. 40:55D-28* and *N.J.A.C. 5:93* and the Court-approved Settlement Agreement between the Township and Fair Share Housing Center that established the Township’s Fair Share Obligation and outlined the Township’s compliance mechanisms toward that obligation; and

WHEREAS, the rules of the Council on Affordable Housing at *N.J.A.C. 5:91-2.2.(a)* require that the Township Council endorse the Third Round Housing Element and Fair Share Plan adopted by the Planning Board.

NOW THEREFORE BE IT RESOLVED that the Township Council of the Township of Verona, Essex County, State of New Jersey, hereby endorses the Housing Element and Fair Share Plan as adopted by the Planning Board on _____, 2023.

ROLL CALL:

AYES:

NAYS:

ABSENT:

ABSTAIN:

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF A RESOLUTION ADOPTED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF VERONA AT THE REGULAR MEETING HELD ON MAY 1, 2023.

**JENNIFER KIERNAN
MUNICIPAL CLERK**

APPENDIX

4

SEWER/WATER CAPACITY LETTER

MAYOR
ALEX ROMAN
DEPUTY MAYOR
CHRISTINE McGRATH
COUNCILMEMBERS
JACK McEVOY
CYNTHIA L. M. HOLLAND
CHRISTOPHER H. TAMBURRO

TOWNSHIP OF VERONA
COUNTY OF ESSEX, NEW JERSEY



TOWNSHIP MANAGER
JOSEPH O. D'ARCO
TOWNSHIP CLERK
JENNIFER KIERNAN
TOWNSHIP ATTORNEY
BRIAN J. ALOIA, ESQ.

VERONA COMMUNITY CENTER
880 BLOOMFIELD AVENUE
VERONA, NEW JERSEY 07044

MUNICIPAL BUILDING
600 BLOOMFIELD AVENUE
VERONA, NEW JERSEY 07044
(973) 239-3220
WWW.VERONANJ.ORG

DEPARTMENT OF PUBLIC WORKS
10 COMMERCE COURT
VERONA, NEW JERSEY 07044

October 14, 2022

Michael C. DeCarlo
Township of Verona
Engineering Manager
10 Commerce Court
Verona, NJ 07044

Daniel Hauben, PP, AICP
DMR Architects
777 Terrace Avenue, Suite 607
Hasbrouck Heights, NJ 07604

RE: Verona Sunset Urban Renewal
Sewer and Water Capacity

Dear Mr. Hauben,

We understand that your firm is looking for information from the Township of Verona regarding the capacity of both the public water supply system and the wastewater treatment plant for the Township as it relates specifically for the proposed redevelopment projects in compliance with the Townships Housing Element and Fair Share Plan.

There are two projects, one of which (PIRHL) has already received preliminary and final major site plan approval and one (Spectrum 360) that is currently before the planning board seeking final approval. Finally there is another area which was rezoned to now include an overlay zone that includes a component that satisfies the Townships Housing Element and Fair Share Plan. The three project areas are;

- PIRHL/Cameco (Block 2301 Lots 11 to 19) - 95 total units (19 1BR, 19 3BR, 57 2-BR)
- Spectrum 360 (Block 303 Lot 4) - 200 units (3 3BR, 105 2BR, 92 1BR)
- Town Center Mixed Use Overlay Zone (Block 1807, Lots 2 through 12 and 14) - up to 70 units of which three (3) will be 3BR units and the remainder will be some combination of 1BR and 2BR units. Development in the TCMU zone will also include ground floor commercial uses.

In anticipation of the redevelopment projects which were soon to be presented to the Township the Township had engaged the services of Mott McDonald to conduct a study the capacity of the Townships Potable Water System, The Townships Wastewater Treatment Plant as well as the Townships Sanitary Collection System. This study was conducted and a final report issued to the Township on July 15, 2019. The results of those studies are as follows;

Public Water Supply System:

Based on hydrant flow tests conducted on the system, the static and residual pressures from all of the hydrants tested each flow tests was in exceedance of the required 20 psi at street level and also exceeded the typical residential unit requirements. It also recommends that the developer provide fixture counts and anticipated water usage and fire flow requirements to the Township for further review and should conduct their own pressure tests to confirm the potable water flow and pressure meets their specific needs. It must be noted that if the developer requires additional pressure then what is currently available at street level (for water service or fire protection) the developer will be responsible to install any and all equipment necessary to provide the required flow and pressure to the proposed developments.

Wastewater Treatment Plant:

There are two (3) developments that have NJDEP TWA Permit Approvals that are not currently connected to the Township's collection and treatment system that total 0.1605 MGD.

Based on the NJDEP requirements for calculating design flow for treatment works approvals the anticipated design flow from the 2 outstanding projects is calculated as follows:

- Spectrum 360 (Block 303 Lot 4) - 200 units (3 3BR, 105 2BR, 92 1BR) Total Flow = 38,325 GPD or 0.038 MGD
- Town Center Mixed Use Overlay Zone (Block 1807, Lots 2 through 12 and 14) - up to 70 units of which three (3) will be 3BR units and the remainder will be some combination of 1BR and 2BR units. Development in the TCMU zone will also include ground floor commercial uses. = The anticipated flow from this future development is approximately 21,000 GPD or 0.021 MGD.

Utilizing the following formula (Permitted Capacity – 12 Month Rolling Average Flow – Committed Capacity – New Projects) the available capacity at the wastewater treatment plant is **4.1 MGD – 2.543 MGD – 0.1605 – 0.059 = 1.33 MGD.**

In summary, the Townships Treatment Plant has **1.33 MGD** of capacity for future development.

Based upon the information we have on record and the studies which were conducted by Mott McDonald for the Township, the proposed project does have physical access to the sewer and water utilities and that there is sufficient capacity in the Townships water and sewer systems for the number of units proposed on the plans which were reviewed. It shall be the responsibility of the developer and/or their engineer to file and submit all design calculations for water and water to the Township of Verona Engineer and to the NJDEP for their review and approval.

If you have any questions of require additional information, please contact me.

Sincerely,

Michael C. DeCarlo

Michael C. DeCarlo
Township Engineering Manager
Zoning Official

APPENDIX

5

REHABILITATION PROGRAM

- **Structural Condition Survey**
- **Operating Manual**

STRUCTURAL CONDITIONS SURVEY

Municipality: Verona Township

County: Essex County

Date of Survey: September 27, 2022

Performed By: Tom JACOBSEN
Title: CONSTRUCTION OFFICIAL
License Number: 9371

Areas of municipality surveyed:

See Areas not surveyed

Areas of municipality not surveyed:

Hilltop developments; Bloomfield Avenue Condo and Apartment Complexes

Reason(s) for not surveying these areas:

Hilltop apartments were constructed within last two decades. Bloomfield Avenue complexes are known to be well maintained and in good condition.

The Council on Affordable Housing (COAH) has devised this structural conditions survey as an alternative mechanism to present data to COAH to estimate the rehabilitation need in a municipality. The survey requires an exterior inspection to determine if a housing unit is substandard. COAH then uses Census data to estimate the number of substandard units occupied by low- or moderate-income households.

In developing the exterior survey, COAH has divided the exterior structure of a building into seven components: (1) foundation; (2) rails, steps, stairs, porch; (3) siding and walls; (4) windows and doors; (5) eaves, soffets, gutters, leaders; (6) roof and chimney; and (7) fire escape. The foundation, siding and walls and roof and chimney are considered major systems. The remaining components are considered minor systems. Each system is to be ranked as good/excellent or fair/poor.

If one major system is determined to be fair/poor, the structure and all housing units within it are considered substandard. If two or more minor systems are determined to be fair/poor, the structure and all the units within the structure are considered substandard.

The survey can be conducted from the street, and, in most cases, there will be no need to step onto the property. A view of the front of the structure, its two sides (one side if it is semi-detached) and a portion of the roof should provide sufficient information to complete the survey.

The structural conditions survey shall be performed by individuals who are licensed to perform building and/or housing inspections.

There may be some areas of a municipality that can be excluded from the survey. Subdivisions constructed after 1980, areas of very expensive homes, and neighborhoods that the local building/housing inspector believes are trouble free are examples of such areas. All surveys will be reviewed by COAH staff for eligibility in accordance with COAH criteria and for accuracy of completeness.

The exterior survey report should yield an estimate of substandard units within the municipality. To estimate the number of substandard units occupied by low- and moderate-income households, the Council will rely on Census information that is available from the Public Use Micro-Data Sample (PUMS). This data allows COAH to match household income to the Census information COAH uses to estimate the rehabilitation need. The PUMS data has been configured to COAH regions to determine regional percentages used to calculate the rehabilitation share in each municipality by applying the "Low-Moderate Deterioration Share" number found in Appendix B of N.J.A.C. 5:94.

As an example, let us assume that a municipality in Atlantic County conducts an exterior survey and finds 100 substandard units. The "Low-Moderate Deterioration Share" for Atlantic County is .715. Multiplying 100 by .715 would result in 72 low- or moderate-income households living in substandard housing units.

DEFINITIONS FOR STRUCTURAL CONDITIONS

The following relates to structural components of a residential building. Refer to the attached diagram for component identification.

Excellent to Good – The condition of the component is like new or requires standard maintenance.

Examples:

Foundation – The component may need minor re-pointing and/or paint or the removal of shrubs or vines to protect it from deterioration.

Handrails, Steps, Stairs, Porch – A component or components may need paint and/or re-nailing or tightening.

Siding and Walls – the components may need light scraping and painting and/or re-nailing of loose siding.

Windows and Doors – The components may need light scraping and painting and appear to be operational.

Eaves, Soffets, Gutters, Leaders – The components may need light scraping and painting. Gutters may need realignment. Leaders may need re-attachment.

Roof and Chimney – No immediate repair is needed on the roof. The chimney is straight but may need minor re-pointing.

Fire Escape – The component may need scraping and painting and is properly functioning.

Fair to Poor – The condition of the component requires immediate maintenance, repair or replacement. Further deterioration may adversely affect other exterior and/or interior components.

Examples:

Foundation (major system) – The component needs re-pointing, replacement of some stones, brick or blocks or some rebuilding due to: loose, broken or missing bricks or block; missing mortar; excessive cracks in the masonry; deterioration of the masonry surface; pargeting pulling away; sinking; or being out-of-plumb.

Handrails, Steps, Stairs, Porch (minor system) – The components need replacement of boards, risers, joists, rafters, and/or beams, etc. due to: sagging; broken or unsound supports; a sinking or structurally unsound foundation; broken, missing or rotted boards; missing or unsound railings or balusters; broken or missing trim; missing mortar in the masonry or the masonry being generally deteriorated; excessive cracks in the masonry; or worn steps.

Siding and Walls (major system)

Brick – The component needs repainting, spot replacement, reconstruction, etc. due to: sagging; bowing; being out-of-plumb; excessive cracks in the masonry; missing bricks or missing mortar.

Stucco – The component needs patching, spot replacement, or reconstruction and painting due to deteriorated surface, cracks, holes, water damage, or bowing.

Wood – The component needs patching, spot replacement, or reconstruction and painting due to sagging, bowing, being out-of-plumb, rot, water damage, loose boards, cracked or broken boards.

Siding – The component needs spot, area or total replacement due to broken or missing siding.

Windows and Doors and Related Trim (Exclusive of Storm Doors and Windows) (minor system)

Windows – The component needs putty or new glass. Other indicators of a fair/poor component include: missing or broken trim; missing or broken sill; a frame or sash out of square; rotted wood; and/or inoperable windows.

Doors – Indicators of a fair/poor door include: broken glass; a frame out of square; missing or broken trims; interior grade doors being used as exterior doors; rotted wood.

Eaves, Soffets, Gutters, Leaders – Indicators of a fair/poor component include: broken or hanging sections; holes, rot leakage and/or missing sections, significant deterioration; or animal infestation.

Roof and Chimney (major system)

Roof – The component needs moderate scattered shingle replacement, area replacement or total replacement due to: sagging; exposed paper or sheathing; hole(s); curling of shingles; blistering of rolled roofing; cracked shingles; missing shingles; rusted metal roof; and/or leakage.

Chimney – The component needs partial or total reconstruction due to: sinking; being out-of-plumb; excessive cracks; loose, broken or missing bricks; missing mortar; deteriorated surface and/or lack of a flue.

Fire Escape – The component needs significant physical repairs or replacement and/or is not fully operational.

* Excessive cracks can mean multiple cracks affecting structural integrity or a crack or cracks as wide as ¼ inch.

STRUCTURAL CONDITIONS SURVEY

SURVEYOR: Tom Jacobsen
(print or type name)

DATE: 9-27-22

RATE COMPONENT: **GOOD/EXCELLENT = 0**

FAIR/POOR = X

STREET	One "X" and Structure is Deficient			COMPONENTS						Two "Xs" and Structure is Deficient		
	Address	Block/Lot	Number of Dwelling Units	Foundation	Siding and Walls	Roof and Chimney	Windows and Door	Eaves/Soffets/Gutters/Leader	Rails/Stairs/Steps/Porch	Fire Escape	Deficient structure mark "Yes" or "No"	COMMENTS
14 Montrose Avenue	1807/10	1		X							Yes	Brick façade damage limited to northeast corner, affecting not more than one unit in the building
9 Linden Ave	910/2	1						X			No	
28 Mt. Prospect	201/1	1				X					Yes	
47 Mt. Prospect	203/4	1					X	X			?	Being flipped / upgraded
45 Mt. Prospect	203/5	1					X				no	Being flipped / upgraded
763 Bloomfield Avenue	1607/13	3	X	X	X		X	X			Yes	
118 Sunset Avenue	201/64	1		X	X		X	X			No	
13 Woodland	908/8	1	X		X		X				Yes	
87 Personnette	1605/12	2					X				Yes	
27 Elmwood	707/11	1					X				No	Missing paint
88 Fairview Avenue	2304/9	1		X					X		Yes	Deteriorated/missing siding, crumbling stairs and retaining walls
257 Linden Ave	1501/13	1					X	X			Yes	
95 Franklin	1001/2	1		X							Yes	
105 South Prospect	1801/24	1									No	Internal issues not fitting survey purpose
26 Halsted	2102/68	1						X			No	
17 Beechwood	2210/6	1			X		X				Yes	

I verify that I conducted the structural conditions survey for VERONA (municipality/county) on 9-27-22 (date) according to COAH criteria.

Signature: [Signature] Title: CONSTRUCTION OFFICIAL License No: 9371

Township of Verona

Administrative Agent

Rental and Sale Housing Rehabilitation Program

Policies and Procedures Manual

March 2023

Prepared by:

TKLD Consulting LLC

Tkldconsulting@gmail.com

Rental Housing Rehabilitation Program

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I. INTRODUCTION

The purpose of this document is to establish policies, guidelines and procedures, which will govern the township of Verona Rental Housing Rehabilitation Program (RHRP). The RHRP is being created by the Township to assist rental properties occupied by very low, low and moderate-income households to correct existing interior and exterior health, safety and code violations in conformity with the standards of the New Jersey State Housing Code, N.J.A.C. 5:28 and the Rehabilitation Subcode, N.J.A.C. 5:23-6. Additionally, the RHRP was designed to fulfill Verona Township's rental rehabilitation obligation, as found in the Township's Settlement Agreement entered into with the Fair Share Housing Center (FSHC) on March 10, 2021 and the March 10, 2015 NJ Supreme Court Decision in re N.J.A.C 5:96 and 5:97, 221 N. J 1,30 (2015) as known as Mount Laurel IV. The Township of Verona intends to contract with TKLD Consulting LLC, a private consulting firm in the implementation of publicly funded housing rehabilitation programs, to manage and administer the RHRP. Initially the program's funding source will be municipal affordable housing trust funds.

A. Fair Housing and Equal Housing Opportunities

It is unlawful to discriminate against any person making application to participate in the rehabilitation program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments. For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or <http://www.state.nj.us/lps/dcr/index.html>. Fair Housing and Equal Housing Opportunities apply to both Owner and Tenant applications.

The RHRP is guided by N.J.A.C. 5:93 except for the length of affordability controls for both owner- and renter-occupied (10 years) and except for the required average hard cost expenditure (\$20,000).



II. ELIGIBLE PARTICIPANTS

A. Program Area

The RHRP is a Township wide program aimed at rehabilitating rental housing units occupied by very-low, low and moderate-income households throughout the Township of Verona.

B. Categories of Participants

Landlords of renter-occupied housing units are eligible to receive funding for rehabilitation if the units are determined to be occupied by very low, low- or moderate-income households, and the units are determined to be substandard. However, owner-occupants of rental properties do not have to be very low, low- or moderate-income households. If a structure contains two or more units and an Owner, who is not eligible, occupies one unit, funding may be provided for the rehabilitation of the rest of the units that do qualify, and a pro-rata share of common items. Rents must be affordable to low- or moderate-income households.

C. Income Limits

Household income is defined as the combined annual income of all family members over 18 years of age including wages, Social Security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. Each unit's total household income must fall within or below the State's moderate-income limits based on family size.

Since the 2015 NJ Supreme decision declaring COAH nonfunctioning, it is now left to the local court vicinages to approve income, sales and rental increases using similar methodologies that were employed by COAH.

The income limits and applicable methodology are in Appendix B and the plan for properly amending median incomes and rental increases every year going forward until or unless COAH or another state entity becomes functional again is also included in Appendix B at the end of this manual. The Program Administrator will ensure that the annual chart in Appendix B is updated whenever adjustments become available.

If at any time, COAH (or a successor administrative agency duly empowered by an amendment to the Fair Housing Act) begins to issue updated annual income limits and rules for increasing sales prices and rent levels each year, said updated income limits and rules for increasing sales prices and rent levels each year may be used instead of the methodology set forth herein.

D. Application Selection

The program will process new applicants added to the waiting list/applicant pool on a first-come, first served basis, to qualified applicants. The goal is to have a minimum of 50% of the properties assisted comprised of low-income households. The RHRP will establish the waiting list from the program marketing efforts identified in Section IX of this manual.

Emergency Processing Order

Properties with safety and/or health hazards, confirmed/certified as an emergency by the municipal Construction Official or Health Department, can by-pass the first-come, first served process however they must meet all the other program requirements including bringing the unit up to code.

The Program Administrator shall determine that an emergency exists based on the following:

- A. The repair problem is an immediate and serious threat to the health and safety of the building's residents, and
- B. The problem has been inspected and the threat verified by the appropriate local building inspector and/or health official

Depending on the type and extent of the emergency and with the homeowner's permission, the Program may by-pass the standard bid process outlined in Section V sub-section N to expedite the bid/contractor selection process. Instead, the Program may have a proven qualified contractor familiar with the Program present at the initial property inspection with the homeowner to count as the contractor's site visit. This will allow for a quick turn-around on emergency scope of work to be contracted on a single quote basis. To be awarded the emergency work, the contractor's quote must be determined to be a reasonable cost based on the Program Inspector's cost estimate and the contractor must commit to a tight timeline to resolve the emergency situation. This emergency process may apply to heavily leaking roofs, inoperable heating systems during the winter months, immediately hazardous electrical systems and/or blocked sewer lines unresolvable to unclog via a simple service call for under \$1,000.

Please note that the loan agreement will state that if the Owner/Landlord takes the emergency funds to abate the safety/health hazards and then subsequently decides to voluntarily remove themselves from participation in this Township's rehabilitation program to complete the non-emergency substandard code violation components of their project, essentially negating any opportunity for the municipality to gain credit for a fully rehabilitated unit, those public funds used for the emergency may be immediately due and payable back to the Township. There will also be a statement indicating that the Township will place a lien on the rental rehab properties to recapture the funds to be repaid at a low interest rate. The ten-year deed restriction for all rehabilitated rental units will run with the land to ensure compliance, which deed restriction will be filed with the County Clerk.

III. ELIGIBLE ACTIVITIES

A. Eligible Improvements

The purpose of the program is to bring substandard housing up to code. To qualify for participation in the program, the condition of each residential property must be certifiable as being "substandard" as defined in N.J.A.C. 5:93-1.3.

In other words, at least one of the following major systems must need replacement or substantial repair:

- Roof
- Plumbing, including sanitary plumbing
- Heating
- Electrical
- Load bearing structural systems
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may also include, but not be limited to the following:

- Interior trim work,
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for program funding includes but is not limited to luxury improvements (improvements which are upgrades/higher than mid-grade and/or strictly cosmetic), carpets, additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools, landscaping solar panels and generators. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. The cost of removing any illegally converted living space (e.g., illegal bedrooms in the basement) are not eligible for assistance.

Rehabilitation work performed by property owners shall not be funded under this program.

C. Rehabilitation Standards

Funds are to be used for work and repairs required to make the unit standard and abate all interior and exterior violations of the New Jersey State Housing Code, N.J.A.C. 5:28, the Rehabilitation Subcode, N.J.A.C. 5:23-6, and the Township of Verona Article XIX of Chapter 150 is the Township Code of Affordable Housing Ordinance. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

Municipal rehabilitation investment for hard costs shall average at least \$20,000 per unit, and include the rehabilitation of at least one major system, as previously defined under eligible improvements.

D. Certifications of Substandard/Standard

Program inspector will inspect the property to determine which systems, if any, are substandard in accordance with sub-section A above and issue a Certification of Substandard. Upon program construction completion, all code deficiencies noted in the inspection report must be corrected and rehabilitated units must be in compliance with the standards proscribed in sub-section C above upon issuance of a municipal certificate of completion/approval.

IV. FUNDING TERMS

A. Terms and Conditions on Owner-Occupied Multi-Family Properties including Tenant Units

- **Minimum loan amount:** \$10,000
- **Maximum loan amount:** \$20,000
- **Interest is:** 0%
- **Payment Terms:** 100% forgivable loan for all rental units, if it remains in compliance for the Ten-year deed restriction person. Original principal is immediately due if not in compliance with rental affordable controls. Rental restrictions on the unit transfer with the property.
- **Mechanism for Securing Loan:** Mortgage, Mortgage Note and Deed restriction recorded on the property.

Assisted unit(s) must be occupied by, and affordable to a household(s) that is(are) certified as low or moderate income as per either the latest Income Limits by Region, or in compliance with the Township's Settlement Agreement and Court Order, when applicable.

The Owner will execute a Mortgage, Mortgage Note, and Deed Restriction, the latter which guarantees the continued availability of the rental unit to low or moderate-income households for the terms of the ten-year deed restricted affordability period. The affordability terms for the

rental units do not expire even if the Owner sells the property, transfers title to the property, or dies within the ten-year program deed restricted affordability period.

Additionally, for rental units in a multi-family owner-occupied home:

For Tenant units, the maximum permitted rent is determined pursuant to UHAC and subject to annual adjustment. If a unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a very low, low- or moderate- income household at an affordable rental price and will be affirmatively marketed in accordance with the Township of Verona's Affordable Housing Affirmative Marketing Plan. TKLD Consulting will be the presumed Administrative Agent for all new affordable sale and rental properties in Verona Township. Landlords are responsible to pay income certification fees and affirmative marketing costs for re-rentals.

For information regarding annual rental increases: Please refer to Section VIII C of this manual.

B. Terms and Conditions on Investor-Occupied Single and Multi-Family Rental Units

- **Minimum loan amount:** The municipality may rehabilitate substandard units that require less than \$10,000 of work, provided the municipal rehabilitation activity shall average at least \$10,000 per unit.
- **Maximum loan amount:** \$20,000 per rental unit
- **Interest is:** 0%
- **Payment Terms:** owner pays 50% of rehab cost of construction agreement signing. 50% Balance forgiven if in compliance with rental restrictions. The 50% rehab cost is waived for non-profit owned rentals. Rental restrictions transfer with property during the ten-year deed restriction period.
- **Mechanism for Securing Loan:** Mortgage, Mortgage Note and Deed restriction recorded on the property.

The ten-year affordability controls against the property will be recorded in a Deed Restriction. The property Owner agrees to abide by the rental affordability controls for the life of the Deed Restriction. Additionally, the following conditions apply:

The assisted housing unit(s) must be occupied by and affordable to a household that is certified as an income eligible household as per either the latest Income Limits by Region, or in compliance with the municipality's Settlement Agreement and Court Order, whichever is applicable and as designated by unit in the Deed Restriction. The maximum permitted rent is determined by the Township's Administrative Agent and is pursuant to UHAC and subject to annual adjustment. A copy of the income figures for 2023, and the methodology for going forward, until the reinstatement of COAH or another state entity performing this function is included in Appendix B of this document.

Throughout the ten-year affordability controls, if a rental unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a very low-, low- or moderate- income household (as designated by unit in the Deed Restriction) at an affordable price and will be affirmatively marketed in accordance with the Township of Verona Affordable Housing Affirmative Marketing Plan by the Township's current Administrative Agent at the rates and terms defined within that Agreement.

Landlords are responsible to pay income certification fees and affirmative marketing costs for re-rentals. Existing affordable rental properties that participate in this program, and are already using another approved Administrative Agent may choose to continue to do so. The approved Administrative Agent will provide the Township or TKLD Consulting LLC with all requested information as may be required for reporting or oversight purposes.

The Owner will execute a Mortgage, Mortgage Note and Deed Restriction, the latter of which will guarantee the continued availability of the unit to low or moderate-income households for the terms of the ten-year lien affordability period.

Throughout the ten-year deed restriction period, the affordability terms do not expire even in the event that the Owner sells the property, transfers title to the property, dies, or rents to other than low or moderate-income renters, before the terms of the lien expire.

For information regarding annual rental increases: Please refer to Section VIII C of this manual.

C. Special Needs Waivers for Higher Cost Rehabilitation Projects

In cases of documented rehabilitation needs greater than the Program cap:

- The Program will get confirmation of whether the Owner can contribute additional personal funding, beyond required percentage to meet the funding gap.
- If no viable options, the case will have to be terminated.
- The Borough may consider other situations for special needs waivers. Individual files will be reviewed on a case-by-case basis. Upon Program and Borough approval, a Special Needs Funding Limit Waiver may be issued.

D. Use of Recaptured Program Funds

All recaptured funds will be deposited into Verona's Affordable Housing Trust Fund account in accordance with N.J.A.C. 5:93-8.15.

V. IMPLEMENTATION PROCESS

A. Application/Interview

For each prospective Landlord, the applicant process can begin with a landlord contacting TKLD Consulting LLC. TKLD Consulting LLC will then recommend an in-person meeting or a phone conference, the landlord's choice, after addressing all questions and providing an overview via telephone or email. This initiative will be taken to fully and carefully explain all rules, requirements and program benefits, since unlike single-family owner-occupied rehabilitation; there are many additional requirements and obligations. TKLD Consulting LLC will meet with interested landlords to review all program details and address all questions.

If the Owner passes the preliminary criteria review, program information, guidelines, and an application package will be provided to the applicant when their name is reached on the program's waiting list.

Each prospective applicant is to complete the application and return it to the Case Manager, along with the required verification documents. Upon receipt of the completed application package, a case file will be opened for the applicant and a case file number will be assigned. The Case Manager will be available via a direct phone line to assist applicants during this and all other phases of the process. Additionally, as needed, a Case Manager will be available for face to face prescheduled appointments. Once a case is assigned a number, the cases are processed in the order of receipt of completed applications.

B. Eligibility Certification

To be eligible for assistance, households in each unit to be assisted must be determined to be income eligible. All adult members of households, 18 years of age and older, must be fully certified as income-eligible before any assistance will be provided by the Program. The RHRP will income qualify the occupants of each unit that the Landlord/Owner wants to include in the program. Applicants will be evaluated for eligibility in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq., except for the asset test, which does not apply to the rehab program.

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household's income are listed under Income. Those that are not considered as part of the household's income are listed under Not Income.

C. What is Considered Income

The following income sources are considered income and will be included in the income eligibility determination:

- Wages, salaries, tips, commissions
- Alimony
- Regularly scheduled overtime
- Pensions

- Social security
- Unemployment compensation TANF (Temporary Assistance For Needy Families)
- Verified regular child support
- Disability
- Net income from business or real estate
- Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
- Imputed interest (using a current average annual rate) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
- Rent from real estate is considered income
- Any other forms of regular income reported to the Internal Revenue Service

D. What is Not Considered Income

The following income sources are not considered income and will not be included in the income eligibility determination:

- Rebates or credits received under low-income energy assistance programs
- Food stamps
- Payments received for foster care
- Relocation assistance benefits
- Income of live-in attendants
- Scholarships
- Student loans
- Personal property such as automobiles
- Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
- Part-time income of dependents enrolled as full-time students
- Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income.

E. How to Verify Income

To calculate income, the current gross income of the occupant household of unit to be assisted is used to project that income over the next 12 months. Income verification documentation should include, but is not limited to the following for every member of a household who is 18 years of age or older:

1..Four current consecutive pay stubs, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.

2..A signed copy of regular IRS Form 1040 (Tax computation form), 1040A or 1040EZ (as applicable) and state income tax returns filed for the last three years prior to the date of interview or notarized tax waiver letter for respective tax year(s)- A Form 1040 Tax Summary for the past three tax years can be requested from the Internal Revenue Service Center by calling 1-800-829-1040 or visiting irs.gov to either obtain an online printout or to request a copy by mail, the latter which takes five to ten calendar days.

3..If applicable, a letter or appropriate reporting form verifying monthly benefits such as:

- Social Security or SSI – Current award letter or computer printout letter
- Unemployment – verification of Unemployment Benefits
- Welfare -TANF current award letter
- Disability - Worker's compensation letter or
- Pension income (monthly or annually) – a pension letter

4..A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court (includes separation agreement or divorce papers) or education scholarship/stipends – current award letter;

5..Reports from at least the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing savings and checking accounts (bank statements and passbooks), trust funds, money market accounts, certificate of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates), whole life insurance. Examples include copies of all interest and dividend statements for savings accounts, interest and non-interest-bearing checking accounts, and investments;

6..Evidence or reports of income from directly held assets, such as real estate or businesses owned by any household member 18 years and older.

7..Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.

8..Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating Current Mortgage Balance. For rental property attach copies of all leases.

F. Additional Income Verification Procedures

Student Income

Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour workweek.

Income from Real Estate

If real estate owned by an occupant household for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an occupant household owns real estate with mortgage debt, which is not to be used as rental housing, the Program Case Manager should determine the imputed interest from the value of the property. The Program Case Manager should deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

G. Other Eligibility Requirements

Landlord/Homeowner Applicants to submit the following in the application package for the property requesting assistance via Program funds:

- Copy of current Owner's insurance declarations page (not the entire policy or receipt)
- Proof of flood insurance, if property is located in a flood zone
- Copy of recorded deed to the property to be assisted
- If you are a widow or widower, of spouse's Death Certificate
- Copy of your most current property tax assessment
- Receipt for property taxes
- Proof that all mortgage payments and, when applicable, Homeowner Association (HOA) Fees are paid current
- Copy of all other liens recorded against the property

- Copy of lease for each rental unit to be assisted via the Program

All Applicants - Landlords/Tenants Must Also Submit:

- Signed Eligibility Release form
- Personal identification (a copy of any of the following: Driver's License, Passport, Birth Certificate, social security card, Adoption Papers, Alien Registration Card, etc.)

H. Requirements of Property Taxes and Municipal Utilities Paid Current

The property tax and municipal utility accounts must be paid current for the property to be assisted via the Program funds. The Program reserves the right to make an exception to the requirement of paid up tax and/or sewer accounts. Individual files will be reviewed on a case-by-case basis. Upon approval by the appropriate municipal officials and the Program, a Special Needs Eligibility Requirements Waiver may be issued.

I. Sufficient Equity

Additionally, to be determined eligible, there must be sufficient equity in the property to cover the program lien plus the total of other liens. In other words, the market value of the property must be greater than the total of the liens combined. The Township may consider a Special Needs Waiver approved by the municipality on a case-by-case basis for limited equity, but not for negative equity.

J. House Conditions

All areas of the dwelling must be readily accessible, uncluttered, and clean. This is in anticipation of the Program Inspector and contractors needs of proper and sanitary access for inspections and construction work progress.

If there are any repairs or renovations currently being undertaken on the home by others or the homeowner or done within the last few years that require or required municipal permits, the work must be completed and the permits closed out prior to the homeowner applying to the Program.

K. Eligibility Scenarios of Multi-Family Structures

Several possibilities exist concerning the determination of eligibility in a multi-family structure.

Scenario 1: If there is more than one rental unit in a building and each household is determined income eligible, then all the units are eligible for rehabilitation/home improvement.

Scenario 2: If a home improvement must be undertaken which affects all the units in the house/building (e.g., replacement of a roof), but not all the units are eligible or Tenant is uncooperative, the RHRP will only cover a prorated percentage of rehab cost for the units to be assisted. For example, in a two-family home with units of approximately equal size, only 50% of the cost of roof replacement will be covered. Another example, for a four-family home with all units of equal size of which three units are to participate in the Program, 75% of the cost of roof replacement would be covered. Shared common areas should not be counted in the denominator for the pro rata calculation.

If any of the conditions in Scenario 2 above apply to an Applicant's case, TKLD Consulting LLC sends a letter that explicitly identifies which of the units are eligible for rehabilitation and divides the hard costs of the rehabilitation project between the program and the Owner on a pro rata basis. The Owner's monetary contribution is to be paid prior to the start of construction at the preconstruction conference in the form of a money order or certified check made payable to the Township. This is in addition to the 50% required match from investor properties explained in Section IV Funding Terms sub-section B. The payment is held by the Township until the work is satisfactorily completed, at which time the Township will release the payment to the Contractor.

L. Eligibility Certification

After the Program Administrator has determined that the household(s) is(are) income eligible and meets all other eligible requirements, the Program Manager will complete and sign the Eligibility Certification(s). The certifications are always valid for six months starting from date of eligibility certification. A Construction Agreement must be signed within this time period. If not, the Program Administrator must reevaluate the household's eligibility.

After the tenant(s) household is certified as income eligible, the Owner/Program Agreement will be executed between the Owner and the program.

M. Housing Inspection/Substandard Certification/Work Write Up/Cost Estimate

The Program Inspector will perform a comprehensive inspection to determine what work items are necessary to bring the home up to code, as identified in Section III C. Photos will be taken at the comprehensive inspection to document existing conditions. As a result of the comprehensive inspection, the Program Inspector will prepare a work write-up and cost estimate. All repairs needed to bring the structure and all participating units up to code will be identified. This work write-up will include a breakdown of each work item by category and by location in the house. The work write-up will contain information as to the scope of work and specifics on materials such as type, quantity and cost. A total cost estimate will be calculated for each housing unit. The RHRP's policy is to create Work Write-Ups and Cost Estimates that fall within the RHRP funding caps. In unusual hardship cases and when the cost to correct all code violations exceeds the program funding limit, the RHRP will seek the Owner's monetary contribution. If the unit cannot be brought up to code with the combination of funds available, the unit may not proceed.

For houses built prior to 1978, refer to Section VII Lead Based Paint (LBP).

N. Contractor Selection

The owner or the case manager, with the approval of the Program Inspector, will select the Contractor using the following procedures. The Case Manager will provide the Owner with a copy of the work write up and the Program Contractor list. The Owner will complete the Work Write-Up Review Form indicating review and approval of the work write-up and advising of any Contractors currently on the Program Contractor list that the Owner does not wish to have notified of the availability of the bid package. If the Owner wishes to solicit a bid from a Contractor not currently on the Program Contractor list, the Owner will provide the Contractor's name, address and telephone number on the Work Write-Up Review Form. Any Contractors that have not been previously qualified are eligible to participate but must submit their qualifications as well as their bid in the bid package.

The Case Manager will notify at least three (3) currently active Contractors that a bid package for the property is available. Each Contractor must contact the Case Manager to obtain a full bid package and the Contractor must submit a bid to the Case Manager by the submission deadline (usually within three (3) weeks of the date of the bid notification letter). All submitted bids will be opened and recorded by the Program Administrator at a meeting open to all interested parties.

The submitted bids will be reviewed by the Owner and the Program Inspector. Generally, the lowest responsible bid from a qualified Contractor will be chosen. If the Owner selects a higher bid, he/she must pay the difference between the chosen and the lowest responsible bid. Contractors will be notified of the results of the bidding within one (1) week of the date the Owner makes his/her Contractor selection.

The Case Manager will email the following documentation to the Township:

- Bid Tabulation sheet of all bids received
- Awarded contractor's bid including completed Contractor Award Checklist
- For each contractor's first award in a calendar year, will also include awarded contractor Business Registration Certificate (BRC) and W-9.
- For awards \$17,500 or greater, the contractor's executed required Pay-to-Play form(s).

Contractor award is passed via a Resolution by Township Committee. The Township will provide the Case Manager with a copy of the Resolution for placement in the case file.

O. Pre-Construction Conference/Contract Signing

Upon issuance of Contractor award, the Program Inspector will conduct a pre-construction conference with the Owner and Contractor. Prior to the pre-construction conference the Owner will be provided with copies of the loan documents, the Construction Agreement and the Deed Restriction (COAH Form Appendix E-3). The Contractor will be provided with a copy of the Construction Agreement for review. At the time of the pre-construction conference, the scope of work will once again be reviewed. The Owner and Contractor responsibilities will also be

reviewed, as well as the program's construction procedures and program limitations. The Owner and Contractor will each sign the Construction Agreement and receive copies. The Owner will also sign and receive copies of the Mortgage, Mortgage Note and, the Deed Restriction.

The Owner's 50% contribution must be provided at the time of the pre-construction conference in the form of a certified check or money order made payable to the Township of Verona. The Case Manager will overnight the check to the Township to place in the Affordable Housing Trust Fund to be applied towards the Contractor's first progress payment.

The Contractor will be provided with information regarding the Lead-Based Paint Poisoning Prevention Act (4a.USC 483 1 (b)). The Owner will be advised of the hazards of lead-based paint in houses built prior to 1978 and provided with the EPA booklet Renovate Right. Both Contractor and Owner will each sign the respective Certifications. Additionally, for houses built prior to 1978, Section VII Lead Based Paint (LBP) applies.

Following the pre-construction meeting, the Case Manager will provide the Township with 1) a copy of the Construction Agreement which includes identifying the Owner, the property, the Contractor, and the scope of work for the Administrator to share with the Construction office to ensure the Contractor makes application for the applicable permits. For each job, the Township's Construction office will notify the Case Manager which permits are required to compare to the permit documentation later provided by the Contractor.

It is the Contractor's responsibility to ensure all required permits are applied for prior to the start of construction and, if applicable, at the time of any change orders.

The construction permitting process is handled by the municipality's Construction office.

P. Initiate Township Voucher

Upon contractor award decision, the Township will provide the Case Manager with a blanket purchase order to create two purchase orders for each case for the Contractor to sign at the pre- construction conference at time of contract signing. The Contractor's signed purchase orders will be held by the Case Manager until construction progress is sufficient to submit to the municipality.

The Township voucher will be separated into two potential payments. The Program staff will match the payment request up with the Township voucher issued at the pre-construction conference and adjust the payment amount as per the inspection results. Ultimately, upon construction completion, the payments will equal the full voucher amount plus or minus any change orders.

For each contractor's first award in a calendar year, the Case Manager will provide the municipal applicable staff with the awarded contractor Business Registration Certificate (BRC) and W-9 form.

Additionally, for contract awards \$17,500 or greater, the contractor must follow Pay-to-Play compliance and shall provide executed required Pay-to-Play forms(s).

Q. Progress Inspections

The Program Inspector will make the necessary inspections of the progress of property improvements. Inspections are necessary to ensure that the ongoing improvements coincide with the scope of work outlined in the work write-up. It is the Contractor's responsibility to notify the Program Inspector when a minimum of 40% of the total contract work is completed. The Program Inspector will schedule the inspection with the Owner, at which time the Program Inspector will also obtain verbal confirmation from the Owner that the work is ready for inspection.

If work passes the satisfactory progress inspection, the Case Manager will follow the procedures spelled out in Section V subsection T, Payment Structure and Process to process a Contractor's progress payment request.

The Program Inspector will notify the Contractor and the Owner in writing of any work deficiencies discovered during the progress inspection. Work deficiencies must be corrected prior to the Contractor's request for the next inspection.

For properties built prior to 1978, a work item marked EPA RRP Rule cannot be paid for until the Contractor provides a post renovation report to the program. Refer to Section VII Lead Based Paint (LBP) for the EPA regulation.

R. Change Orders

If it is determined during rehabilitation that a change from the original work write-up is required, a Program Change Order Authorization form must be completed and approved by the owner, the Contractor, and the Program. The Case Manager will forward the executed change order to the Township.

The Contractor will be notified by the Case Manager of the results, and no change order work should be undertaken by the Contractor until he has received a copy of the fully executed Change Order Authorization or the Contractor risks non-payment for the change order work.

Change Orders approved by the Township Committee only if the base contract is over the maximum \$20,000 or greater.

S. Final Inspection

Prior to requesting a final inspection, it is the Contractor's responsibility to:

- Properly close out all the permits and to provide proof of closed out permits to the Case Manager via the municipal Certificate of Approval;
- Deliver to the Owner a complete release of all liens arising out of the Construction Agreement, a receipt in full covering all labor, materials and equipment for which a lien could be filed or a bond satisfactory to the Owner, indemnifying Owner against any lien; and
- Provide the Owner with all applicable warranties for items installed and work completed during the course of the rehabilitation.

Once the Contractor has provided the Case Manager with all required job closeout forms, the Contractor will be responsible to request the program's final inspection. The Program Inspector will schedule the final inspection with the Owner, at which time the Program Inspector will also obtain verbal confirmation from the Owner that the rehabilitation work has been completed and is ready for inspection. The Program Inspector will then conduct a final inspection to certify that the required property improvements are complete. The Owner will be present during the final inspection and the Contractor will be present if there are issues to resolve.

Only 100% completed line items will be inspected and considered for payment. If the work passes satisfactory final inspection, the Case Manager will follow the procedures spelled out in Section V subsection T Payment Structure and Process to process the Contractor's final payment request.

For houses built prior to 1978, a work item marked EPA RRP Rule cannot be paid for until the Contractor provides a post renovation report to the program. Refer to Section VII Lead Based Paint (LBP) for the EPA regulation.

If the Program Inspector identifies any work deficiencies during the final inspection, the Program Inspector will notify the Contractor and the Owner of the deficiencies in writing and the value of said deficiencies will be deducted from the final payment request. Work deficiencies discovered during the final inspection will require the Program Inspector to conduct a subsequent inspection upon Contractor's correction of deficiencies.

The Program lien period will commence upon satisfactory completion of the final inspection. Photographs will be taken of the rehabilitated housing unit by the Program Inspector at the time of the satisfactory final inspection.

T. Payment Structure and Process

The Township will issue all payments, which may be made according to the following schedule:

One progress payment (representing a minimum of 50% of total contract work completed) will be paid. Upon completion of one hundred percent (100%) of the rehabilitation work, the Contractor is eligible for final payment of the contract price.

Upon a satisfactory program inspection, and confirmation from the Case Manager that all Contractor's documents have been submitted according to program procedures, the Case Manager will submit to the Accounts Payable Officer:

- Program's Request for Payment form with Owner's and Program's written approval
- Contractor signed Township Purchase Order with payment amount identified
- Copy of change order, if one occurred, previously approved by the governing body

The Township retains the right to make payments to the contractor without homeowner approval should the homeowner become unavailable to sign the Program contractor payment form due to illness or absence. In such instance, the Program shall make reasonable attempts to contact the homeowner. If such efforts are not successful within a two-week period from the final inspection

date, the Program shall advise the Township, provide documentation of efforts to obtain homeowner approval, and may authorize contractor payment without homeowner sign-off, to not hold up payment rightfully due to the contractor.

The Case Manager is to submit the contractor payment request to the Accounts Payable Control Officer and, if acceptable, the payment request will be placed on the upcoming Bill List agenda. The Accounts Payable Control Officer will forward to the Case Manager a copy of the executed payment to the contractor for case file records.

Upon job completion, the combined Township payments will total the Construction Agreement, including all applicable change order(s) if any, and minus Owner contribution, if any. The combined Township payments will also match the final Township Voucher amount. Progress and final payments will be made payable to the Contractor.

U. Standard Certification

A Certificate of Approval issued by the municipal construction official at the time the Contractor closes out the rehabilitation construction permits, will confirm the scope of rehabilitation work has been completed and that the housing unit is now up to code standard. The Contractor is to provide the Certificate of Approval to the Case Manager when requesting the final inspection. The Case Manager will ensure that a copy of the Certificate of Approval is placed in the case file.

V. Record Mortgage Documentation

At construction completion, the Case Manager will forward the executed mortgage and deed restriction to the Township Attorney, for County recording. The Township will immediately file the mortgage and deed restriction with the County Clerk.

W. File Closing

The Case Manager will close the homeowner's file after the final payment is made and the mortgage and deed restriction are returned from the County with recorded date, book and page.

The Case Manager will send the homeowner a case closeout letter explaining the warranty period, importance of program documents for personal record keeping, explaining the homeowner's responsibility to continue to maintain the home, providing the homeowner with a home maintenance checklist as guidance, thanking the owner for program participation, encouraging him/her to recommend the program to other households in the community and reminding owner of the affordable housing rental requirements listed in the program lien documents and deed restriction.

X. Requests for Subordination or Program Loan Payoff

Verona may agree to subordination of its program lien if the mortgage company supplies an appraisal showing that the new loan plus the balance(s) on all unpaid loans (including the value of the rehabilitation assistance) does not exceed ninety-five (95%) of the appraised value of the unit. If the Owner is simply refinancing their primary mortgage to a lower interest rate and not “cashing out” any equity, Verona will subordinate up to 100% of the appraised value.

The fee to process program loan subordination requests will be paid by the homeowner directly to the Program Administrator in accordance with the fee set forth in the yearly program administration contract.

VI. Contractor Requirements and Recruitment

A. Marketing

The Program will coordinate with the Township to advertise the availability of construction work on the Township’s website and display a contractor outreach poster and handouts in the municipal building, including the local construction office. Additionally, TKLD Consulting will reach out to home improvement contractors registered with Consumer Affairs who are geographically near or in Verona. If determined needed, additional outreach will be conducted in the local newspapers and through the posting of community notices.

B. Contractor Qualifications

To qualify, Contractors must meet the following minimum requirements:

- Contractors must carry at least \$1,000,000 in general liability insurance. The Contractor shall carry full workmen’s compensation coverage including Employer’s Liability limits of at least \$500,000 and statutory state coverage for all of his/her employees and those of his/her subcontractors engaged in program rehab work. The Contractor must provide the Case Manager with a certificate of insurance designating the Program as Certificate Holder, and designating the Municipality and TKLD Consulting as additional insureds at time of program job award.

- At least three favorable references on the successful completion of similar work; and

- The Contractor’s State Business Registration Certificate; and

- Current Consumer Affairs Home Improvement Contractor license; and

- Applicable lead certifications for Contractors working on houses built prior to 1978. As identified in the scope of work, the Contractor must comply with the EPA Renovation, Repair and Painting (RRP) Rule regarding certification; and

- If claiming prior experience with local, state or federally funding housing rehabilitation programs, a record of satisfactory performance in a neighborhood rehabilitation program or other federal/state programs; and
- Appropriate licenses; e.g. plumbing, electrical.

Contractors must also complete a Contractor Qualification Form. The Contractor's qualifications will be reviewed, and the references cited will be checked by the Program Inspector before the Contractor is awarded a job.

VII. Lead Based Paint (LBP)

For houses built prior to 1978, Contractors must comply with the Environmental Protection Agency Renovation, Repair and Painting Rules (40 CFR Part 745) when any work item is marked with (EPA-RRP Rule) in the work specifications. The requirements are spelled out in the General Conditions of the work specifications.

The Program has the option to refer Owners of houses built prior to 1978 to the NJ DCA Lead-Safe Home Remediation Pilot Grant Program for possible lead-based paint testing and lead based paint hazard remediation needs.

VIII. Rental Procedures

Rental units are subject to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5-80-26.1 et. seq. once the rental units are rehabilitated. In addition to the mortgage and mortgage note, the controls on affordability shall be in the form of a deed restriction with each affordable unit specified as either a very low, low or moderate-income rental unit.

The Verona Rental Housing Rehabilitation Program shall be administered in accordance with the following as it pertains to rentals:

- If a unit is vacant, upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit be rented to a low- or moderate-income household at an affordable rent and affirmatively marketed pursuant to UHAC.
- If a unit is renter-occupied, upon completion of the rehabilitation, the maximum rate of rent shall be the lesser of the current rent or the maximum permitted rent pursuant to UHAC.

- Rental Increases: See section VIII C, below.

The municipality’s Administrative Agent will continue to administer the rental affordability controls during the 10-year affordability period for each rental property assisted. Landlords are responsible to pay income certification fees for re-rentals.

A. Determining Initial Affordable Rents

The initial maximum affordable rent for a rehabilitated unit is determined by the program staff based on NJ rules and regulations. The Administrative Agent will make every attempt to price initial rents to average fifty-two percent (52%) of the median income for the household size appropriate to the sized unit within each individual project (N.J.A.C. 5:80-26.3 (d)). Thirty percent (30%) (N.J.A.C. 5:80-26-12 (a)) of that figure is considered the “maximum base rent.” Subtracted from the maximum base rent is the cost of all tenant-paid utilities as defined and calculated by the HUD Utilities Allowance figures (updated annually). The remainder becomes the maximum initial rent for that unit. The Rental Housing Rehabilitation Program staff can provide potential applicants/landlords with a reasonable estimate of what the maximum base rent will be on their rental unit if they elect to participate in the program.

B. Pricing by Household Size

Initial rents are based on the number of legal bedrooms in each unit. Initial rents must adhere to the following rules.

Size of Unit	Household Size to Determined Max Rent
Studio/Efficiency	1
1 Bedroom	1.5
2 Bedroom	3
3 Bedroom	4.5
4 Bedroom	6

- A studio shall be affordable to a one-person household;
- A one-bedroom unit shall be affordable to a one- and one-half person household;
- A two-bedroom unit shall be affordable to a three-person household;
- A three-bedroom unit shall be affordable to a four- and one-half person household; and
- A four-bedroom unit shall be affordable to a six-person household.

The above rules are only to be used for setting initial rents.

C. Determining Rent Increases

Rents in rehabilitated units may increase annually based on the standards in Appendix A, entitled Calculating Annual Increases to Income Limits, Resale Prices, and Rents, below, and only upon written notification from the Administrative Agent.

In addition, the Township's Administrative Agent must be used by the Landlord to ensure that all appropriate affirmative marketing and all other affordable housing compliance procedures are followed and will continually oversee compliance for these affordable rental units throughout their restrictive term.

These increases must be filed with and approved by the Administrative Agent. Property managers or landlords who have charged less than the permissible increase may use the maximum allowable rent with the next Tenant with permission of the Administrative Agent. Rents may not be increased more than once a year, may not be increased by more than one approved increment at a time, and may not be increased at the time of new occupancy if this occurs less than one year from the last rental. No additional fees may be added to the approved rent without the express written approval of the Administrative Agent.

IX. Marketing Strategy

In lieu of a separate submission of the Program's marketing plan for the Court's approval, this section will satisfy the obligation of N.J.A.C. 5:93-5.2(d). In coordination with the Township, the Program Administrator will employ a variety of proven strategies to advertise the Program within Verona to establish demand for the Program, and ideally, develop an applicant pool/waiting list. The marketing strategy/plan possibilities include but are not limited to:

- Creation and distribution of Program Owner outreach material as applicable
- Place Program outreach material on the Township's website
- Direct mailing to Landlords
- Appending announcements and/or flyers to other municipal mailings as they become available
- Municipal E-newsletter and paper newsletter (if available)
- Periodic Press releases
- Paid newspaper advertisements when deemed necessary and appropriate
- The order of method used will be analyzed to implement the most effective combination of strategies. Extensive marketing efforts are essential for all successful housing rehabilitation programs to meet their productivity objectives.

Available rental units assisted via the RHRP will be affirmatively marketed in accordance with the Township of Verona Affordable Housing Affirmative Marketing Plan.

X. Maintenance of Records and Client Files

A. Programmatic Recording

The Program files will include:

- The policies and procedures manual, which will also be updated when applicable.
- An applicant pool will be maintained by the Program staff to track intake of the landlords interested in the Program and the corresponding outgoing application invites
- A rehabilitation log will be maintained by the program staff that depicts the status of all applications in progress.
- The Administrative Agent will track intake of people interested in renting the affordable units.

B. Participant Record Keeping

The Program will be responsible for ensuring that individual files for each unit are established, maintained and then submitted to the municipality upon completion. Each completed file will contain a minimum of the following:

- Checklist
- Landlord Application form
- Tenant Application form including rental lease
- Proof of ownership of property to be assisted via the Program
- Income verification (for all tenant households)
- Proof of currency of property tax and, when applicable, municipal utilities accounts for property to be assisted via the Program
- Proof of owner extended coverage/hazard insurance (Declaration Page) for property to be assisted via the Program
- Proof that the municipal lien plus the total of other liens does not exceed the market value of the unit of the property to be assisted via the Program
- Certification of Eligible Household or Notice of Ineligible Household (whichever is applicable) of each unit to be assisted via the Program
- Owner/Program Agreement
- Certificate of Substandard
- Work Specifications/Cost Estimate -Work Write-Up
- Bid Notice
- Contractor bids
- Bid Tabulation
- Construction Agreement
- Mortgage and Mortgage Note and Deed Restriction
- Notice of Right of Rescission
- Owner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Change orders, if any
- Work progress and final inspection reports
- Copies of Contractor payment documentation

- Photographs (Before and After)
- Close-out documents
- Certification of Approval

C. Reporting

For each unit, the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Owner/Renter
- Income: Very Low/Low/Mod
- Final Inspection Date
- Funds expended on Hard Costs
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (yrs)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

The Program Administrator is responsible for entering each completed unit's data into the State's online CTM system, if access to the CTM is available and/or provide each completed unit's data for annual state reporting.

D. Financial Recordkeeping

Financial recordkeeping through the State's online CTM system is the responsibility of the Municipal Housing Liaison.

XI. Housing Advisory Committee and Appeals Process

The Program staff is skilled in effectively achieving resolution of homeowner/contractor disputes, in a fair and documented manner.

If a homeowner refuses to pay the contractor and work has been done to work specification and to the satisfaction of the Program, it may authorize payment to the contractor directly. However, the Program will make a reasonable attempt to resolve the differences before taking this step.

However, on the rare occasion if a homeowner or contractor decides to dispute a Program staff decision, the Program will refer the matter to the Township for further resolution. It is recommended the Township forms a Housing Advisory Committee to mediate and resolve the differences. Homeowners or contractors involved in a dispute will be instructed to submit their concerns in writing. The homeowner or contractor may request a hearing conducted by the Housing Advisory Committee. All Housing Advisory Committee decisions are final. The Housing Advisory Committee formation may occur when the first need arises.

Additionally, the Housing Advisory Committee may decide on cases that are not clearly determined via the Policy and Procedures Manual, requiring either a change to the Manual, a waiver approval or waiver denial.

XII. Conclusion

If the procedures described in this manual are followed, the Township of Verona's Rental Housing Rehabilitation Program should operate smoothly and effectively. Where it is found that a new procedure would eliminate a recurring problem, that procedure may be incorporated into the program operation. In addition, this manual may be periodically revised to reflect changes in local, state and federal policies and regulations relative to the Rental Housing Rehabilitation Program.

APPENDIX B – Court-Approved Calculation of Annual Increases to Income Limits, Resale Prices and Rents Methodology for Calculating Regional Income Limits and Rental Increase:

Income limits for all units that are part of the municipality's Housing Element and Fair Share Plan and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the municipality annually within 30 days of the publication of determinations of median income by HUD as follows:

A..Regional income limits shall be established for the region that the municipality is located within, based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the municipality's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by

household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.

B..The income limits attached are the result of applying the percentages set forth in paragraph (a)above to HUD's determination of median income for the most recent year and shall be utilized until the municipality updates the income limits after HUD has published revised determinations of median income for the next fiscal year.

C..If at any time, COAH (or a successor administrative agency duly empowered by an amendment to the Fair Housing Act) begins to issue updated annual income limits and rules for increasing sales prices and rent levels each year, said updated income limits and rules for increasing sales prices and rent levels each year may be used instead of the methodology set forth herein.

In establishing sale prices and rents of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

The rent levels of very-low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. 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.

2022 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on AHPNJ.org

		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8+ Person	Max Increase Rents** Sales***		Regional Asset Limit****
Region 1 Bergen, Hudson, Passaic and Sussex	Median	\$80,954	\$86,737	\$92,519	\$104,084	\$115,649	\$120,275	\$124,901	\$134,153	\$143,405	\$152,657	2.9%	11.13%	\$223,627
	Moderate	\$64,764	\$69,390	\$74,016	\$83,267	\$92,519	\$96,220	\$99,921	\$107,323	\$114,724	\$122,126			
	Low	\$40,477	\$43,368	\$46,260	\$52,042	\$57,825	\$60,138	\$62,451	\$67,077	\$71,703	\$76,329			
	Very Low	\$24,286	\$26,021	\$27,756	\$31,225	\$34,695	\$36,083	\$37,470	\$40,246	\$43,022	\$45,797			
Region 2 Essex, Morris, Union and Warren	Median	\$80,634	\$86,394	\$92,154	\$103,673	\$115,192	\$119,800	\$124,407	\$133,623	\$142,838	\$152,053	2.9%	7.04%	\$220,995
	Moderate	\$64,507	\$69,115	\$73,723	\$82,938	\$92,154	\$95,840	\$99,526	\$106,898	\$114,270	\$121,643			
	Low	\$40,317	\$43,197	\$46,077	\$51,836	\$57,596	\$59,900	\$62,204	\$66,811	\$71,419	\$76,027			
	Very Low	\$24,190	\$25,918	\$27,646	\$31,102	\$34,558	\$35,940	\$37,322	\$40,087	\$42,851	\$45,616			
Region 3 Hunterdon, Middlesex and Somerset	Median	\$94,920	\$101,700	\$108,480	\$122,040	\$135,600	\$141,024	\$146,448	\$157,296	\$168,144	\$178,992	2.9%	10.06%	\$258,203
	Moderate	\$75,936	\$81,360	\$86,784	\$97,632	\$108,480	\$112,819	\$117,158	\$125,837	\$134,515	\$143,194			
	Low	\$47,460	\$50,850	\$54,240	\$61,020	\$67,800	\$70,512	\$73,224	\$78,648	\$84,072	\$89,496			
	Very Low	\$28,476	\$30,510	\$32,544	\$36,612	\$40,680	\$42,307	\$43,934	\$47,189	\$50,443	\$53,698			
Region 4 Mercer, Monmouth and Ocean	Median	\$85,831	\$91,962	\$98,092	\$110,354	\$122,615	\$127,520	\$132,425	\$142,234	\$152,043	\$161,852	2.9%	12.24%	\$230,643
	Moderate	\$68,665	\$73,569	\$78,474	\$88,283	\$98,092	\$102,016	\$105,940	\$113,787	\$121,635	\$129,482			
	Low	\$42,915	\$45,981	\$49,046	\$55,177	\$61,308	\$63,760	\$66,212	\$71,117	\$76,022	\$80,926			
	Very Low	\$25,749	\$27,588	\$29,428	\$33,106	\$36,785	\$38,256	\$39,727	\$42,670	\$45,613	\$48,556			
Region 5 Burlington, Camden and Gloucester	Median	\$73,780	\$79,050	\$84,320	\$94,860	\$105,400	\$109,616	\$113,832	\$122,264	\$130,696	\$139,128	2.9%	9.11%	\$195,337
	Moderate	\$59,024	\$63,240	\$67,456	\$75,888	\$84,320	\$87,693	\$91,066	\$97,811	\$104,557	\$111,302			
	Low	\$36,890	\$39,525	\$42,160	\$47,430	\$52,700	\$54,808	\$56,916	\$61,132	\$65,348	\$69,564			
	Very Low	\$22,134	\$23,715	\$25,296	\$28,458	\$31,620	\$32,885	\$34,150	\$36,679	\$39,209	\$41,738			
Region 6 Atlantic, Cape May, Cumberland, and Salem	Median	\$60,768	\$65,108	\$69,449	\$78,130	\$86,811	\$90,283	\$93,756	\$100,701	\$107,646	\$114,591	2.9%	5.76%	\$162,586
	Moderate	\$48,614	\$52,087	\$55,559	\$62,504	\$69,449	\$72,227	\$75,005	\$80,561	\$86,117	\$91,672			
	Low	\$30,384	\$32,554	\$34,724	\$39,065	\$43,405	\$45,142	\$46,878	\$50,350	\$53,823	\$57,295			
	Very Low	\$18,230	\$19,532	\$20,835	\$23,439	\$26,043	\$27,085	\$28,127	\$30,210	\$32,294	\$34,377			

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

**This column is used for calculating the pricing for rent increases for units (as previously calculated under N.J.A.C. 5:97-9.3 (Consumer price Index for All Urban Consumers (CPI-U): Regions by expenditure category and commodity and service group). Landlords who did not increase rents between 2015 through 2021 because of the lack of authority to do so, may increase rent by up to the applicable combined percentage including 2022 or 9.0% whichever is less in accordance with N.J.A.C. 5:97-9.3(c). In no case can rent for any particular apartment be increased more than one time per year.

*** This column is used for calculating the pricing for resale increases for units (as previously calculated under N.J.A.C. 5:97-9.3). 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.

Low income tax credit developments may increase based on the low income tax credit regulations.

**** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.

APPENDIX

6

ADMINISTRATIVE AGENT AND MUNICIPAL HOUSING LIAISON

**TOWNSHIP OF VERONA
COUNTY OF ESSEX, STATE OF NEW JERSEY**

RESOLUTION No. 2023-044

A motion was made by Councilwoman Holland; seconded by Councilman McEvoy that the following resolution be adopted:

APPOINTMENT OF MUNICIPAL HOUSING LIAISON

WHEREAS, on May 31, 2018 the Superior Court ("Court") held a fairness hearing and approved the Settlement Agreement between the Township of Verona ("Township") and Fair Share Housing Center ("FSHC"), which included the Township's Third Round fair share obligation and preliminary compliance measures; and

WHEREAS, the Township will be filing with the Court a Housing Element and Fair Share Plan in order to secure a Judgment of Compliance and Repose approving said Plan to protect the Township from any Mount Laurel lawsuits; and

WHEREAS, pursuant to *N.J.A.C. 5:93-1 et seq.* and *N.J.A.C. 5:80-26.1, et seq.*, the Township of Verona is required to appoint a Municipal Housing Liaison for the administration of Verona's Affordable Housing Program to enforce the requirements of *N.J.A.C. 5:93-1 et seq.* and *N.J.A.C. 5:80-26.1, et seq.*; and

WHEREAS, Article XIX, Section 19.2, entitled "Establishment of Municipal Housing Liaison", of Chapter 150 of the Township's Code, provides for the appointment of a Municipal Housing Liaison to administer the Township of Verona's Affordable Housing Program.

NOW, THEREFORE, BE IT RESOLVED, by the Township Council of the Township of Verona, County of Essex, State of New Jersey, that Joseph O. D'Arco, Township Manager is hereby appointed by as the Municipal Housing Liaison for the administration of the Affordable Housing Program, pursuant to and in accordance with Chapter 150, Article XIX of Verona's Municipal Code.

ROLL CALL:

AYES: Holland, Tamburro, McEvoy, McGrath, Roman

NAYS:

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF A RESOLUTION ADOPTED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF VERONA AT THE REGULAR MEETING HELD ON FEBRUARY 27, 2023.


JENNIFER KIERNAN, RMC
MUNICIPAL CLERK



AGREEMENT FOR PROFESSIONAL SERVICES AA

This Agreement made and entered into this 13th day of Feb. 2023, effective as of January 1, 2023, by and between the Township of Verona (the "Township") and Laura Mongello of TKLD Consulting as the "Administrative Agent" for Affordable Housing (Admin Agent or AA) of 162 Middlesex Ave Paramus, NJ 07653-0765

WITNESSETH:

WHEREAS, the Township wishes to engage the professional services of an Administrative Agent to perform professional services for the Township for the period commencing January 1, 2023 and terminating immediately upon notice as provided herein (the "Contract Period"); and

WHEREAS, the Township and the Professional do hereby wish to enter into this Agreement for professional services (the "Contract").

NOW, THEREFORE,

1. **APPOINTMENT**: The Township hereby retains the Admin Agent for the Contract Period and the Admin Agent hereby accepts such an appointment.
2. **SCOPE OF PROFESSIONAL SERVICES**: The Admin Agent shall act as the Administrative Agent for Affordable Housing for the Township of Verona and shall do, perform and carry out all necessary professional services in a satisfactory and proper manner, as determined by the Township.
3. **PAYMENT** The Township agrees to pay the AA the following:
 - a. Fees: AA shall be paid an hourly rate of \$50. The following services shall be included
 - b. Payment/Monthly Invoices: The Township agrees pay the AA for General Services on a monthly basis at the rate indicated above. Furthermore, the AA shall submit monthly invoices for any and all additional professional services rendered outside of the General Services and for any expenses incurred. Township shall pay all invoices within thirty (30) days of their receipt by the Township subject to the Township's right to withhold payment for any bill in dispute until such disputes are resolved to the mutual satisfaction of the parties. The Township will notify the AA in writing of any disputed bills within thirty (30) days of their receipt. Such notice will identify the disputed charge, the basis for the dispute and the proposed remedy.
4. **TERMINATION**: Subject to any prohibitions under the law, the Township may terminate this Contract for any reason legal reason, at any time by adoption of a Resolution to such effect providing Admin Agent with the notice as required in the appointment resolution. Should this Contract be so terminated, the Admin Agent shall be entitled to compensation for services rendered prior to the date of termination including payment of the full retainer for every month or portion of any month worked prior to termination.
5. **BINDING OF PARTIES**: The Township and the Admin Agent agree to be bound and do hereby bind themselves as far as duties required of the Admin Agent and payment therefore by the Township.

6. **NO EMPLOYER - EMPLOYEE RELATIONSHIP:** Notwithstanding anything to the contrary herein, the Township and the Admin Agent agree that this Contract shall not be deemed to create an employer-employee relationship between the Township and the Admin Agent and that no rights and privileges of a Township's employees shall inure to the Admin Agent hereby.

7. **MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE:** During the performance of this Contract, the Admin Agent agrees to comply with the requirements of N.J.S.A. 10:5-31 et seq., N.J.A.C. 17:27) as follows:

a. During the performance of this contract, the Admin Agent agrees as follows: The Admin Agent or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the AA will ensure that equal opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The AA agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

b. The Admin Agent or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the Admin Agent state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

c. The Admin Agent or subcontractor, will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union of the Admin Agents commitments under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The Admin Agent or subcontractor where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq. as amended and supplemented from time to time and the Americans With Disabilities Act.

e. The Admin Agent or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2.

f. The Admin Agent or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, affectional or sexual

orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

g. The Admin Agent or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personal testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

h. In conforming with the targeted employment goals, the Admin Agent or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

i. The Admin Agent and its subcontractor shall furnish such reports or other documents to the Division of Public Contracts Equal Employment Opportunity Compliance as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Public Contracts Equal Employment Opportunity Compliance for conducting a compliance investigation pursuant to Subchapter 10 of the Administrative Code at N.J.A.C.17:27.

8. **GOVERNING LAW:** This Contract shall be deemed to be a Contract under the laws of the State of New Jersey and for all purposes, including interpretation hereof and performance hereunder, shall be governed in accordance with the laws of the State of New Jersey.
9. **ENTIRE AGREEMENT:** This Contract fully and completely expresses the parties' understandings and agreements, supersedes any understandings or agreements previously made between the parties. Moreover, this Contract may not be changed or orally terminated by either party. It may be amended only by a written agreement, executed by both parties hereto.
10. **DEFAULT AND CURE:** The Admin Agent will be deemed to be in default of this Agreement if the Admin Agent fails to fully perform all of the services set forth in paragraph 2 above. The Township shall notify the Admin Agent of its default, and the Admin Agent shall have fourteen (14) days within which to cure its default. If the Admin Agent fails to cure its default within fourteen (14) days, the Township shall be entitled to all damages arising out of the Admin Agent default, including, but not limited to, compensatory, special and/or actual damages.
11. **SEVERABILITY AND LEGALITY:** The parties understand that this Agreement is governed by the Laws of the State of New Jersey. If any provision of this Agreement is deemed unenforceable, illegal or inconsistent with the then current Statutes or Rules or Regulations, such Statutes or Rules or Regulations shall govern. However, to the extent that enforceable provisions of this Agreement continue to exist and are not inconsistent with such Statutes or Rules or Regulations, they shall remain binding upon the parties.

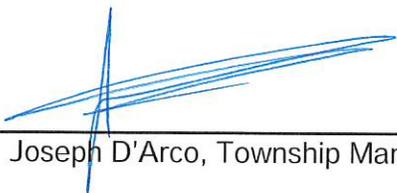
12. **MODIFICATION OR WAIVER:** No modification or waiver of any of the terms of this Agreement, including this provision, shall be held valid unless in writing and signed by the party or parties sought to be charged. No waiver of any breach or default hereunder shall be deemed a waiver of any subsequent breach or default of the same or similar nature.
13. **COMPLETE AGREEMENT:** This Agreement contains the entire understanding of the parties and there are no representations, covenants or promises other than those expressly set forth herein.
14. **SECTION HEADINGS:** The section headings contained in this Agreement are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.
15. **BINDING EFFECT:** This Agreement is intended to bind and shall inure to the benefit of the parties hereto and their respective successor Townships, administrations, officers, directors, agents, successors, assigns and affiliates.

{SIGNATURE PAGE NEXT}

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above, effective as of January 1, 2023.

TOWNSHIP OF VERONA

Professional

BY: 

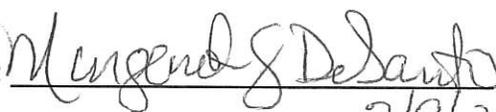
 Joseph D'Arco, Township Manager

BY:  2/9/23

 Laura Mongello, Administrative
 Agent Affordable Housing

Attest: 

 Jennifer Kiernan, Township Clerk

Attest:  2/9/2023

This Agreement is being executed in two original copies.

Margaret G DeSanto
 Notary Public
 New Jersey
 My Commission Expires 01-21-25
 No. 50120705

APPENDIX

7

AFFORDABLE HOUSING OPERATING MANUAL

Township of Verona

Administration of Affordable Units

Affordable Housing

Administrative Agent

Policies & Procedures Manual

April 2023

TKLD Consulting LLC
Tkldconsulting@gmail.com

Township of Verona Administration of Affordable Units Operating Manual

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Executive Summary

This **Operating Manual**, prepared for Township of Verona hereafter referred to as “Municipality”, (1) sets forth the policies and procedures for placing eligible individuals and families into the Municipality’s affordable units and (2) provides instructions for working with developers, owners and landlords as new affordable units become available. This document is designed to ensure compliance with the State’s Uniform Housing Affordability Controls (“**UHAC**”) (N.J.A.C. 5:80-26.1 et seq.) and with the Municipality’s Affordable Housing Ordinance, its Affirmative Marketing Plan if applicable, and other local laws and requirements. In addition to being a valuable tool for the Municipality’s Administrative Agent and Municipal Housing Liaison as we implement Affordable Housing in the Municipality, it will also be a resource for other Affordable Housing professionals and interested members of the public to understand the intricacies of implementing a program such as this.

This manual details the tasks involved in the day-to-day administration of Affordable Housing units under the direct control and oversight of the Municipality. This document covers how new units are created and priced and how units are marketed to prospective applicants. Other information includes the following: waiting list and random selection procedures; required and permitted preferences; procedures for determining income eligibility; resale by income-eligible owners of affordable property to other eligible buyers; process for property managers to fill affordable rental vacancies; refinancing and mortgage modification procedures; waivers of program requirements. The administrative steps outlined in this manual are the thread that holds the fabric of the entire program together, setting out the fundamental obligations and responsibilities of the program administrators.

The **Glossary** at the end of this Operating Manual provides definitions of terms, abbreviations and acronyms used throughout the Operating Manual.

I. INTRODUCTION

The purpose of this manual is to describe the policies and procedures used to create Affordable Housing units in the Municipality and fill them with income-eligible families.

The policies outlined in this manual are derived from UHAC (N.J.A.C. 5:80-26.1 et seq.) This manual does not include all provisions of UHAC, and UHAC is a companion document to this manual. Instead, this manual highlights instances where additional guidance is provided by the New Jersey Department of Community Affairs' staff or by local ordinance. The manual also provides additional clarification and direction on items that are not in UHAC in order to ensure fairness to applicants, owners, and renters.

A. What is Affordable Housing?

Affordable Housing, unlike market-rate housing, has affordability controls establishing initial set prices and rents, and then controlling annual increases for many years. For example, new units that fall under these controls will be restricted for at least 30 years. The New Jersey Affordable Housing rules consider housing to be "affordable" if the household¹ expends approximately 28% or less of the household's gross income on housing costs. See footnote below and Glossary for definition of "**Household**." Affordable Housing is priced to be affordable to households earning up to 80% of the area median income for the region in which the Affordable Housing is located.

An Affordable Housing unit for the purposes of this manual can be specifically defined herein as "a housing unit proposed or created pursuant to the [Fair Housing] Act, credited pursuant to N.J.A.C. 5:97-4, and/or funded through an affordable trust fund." ("**Affordable Unit**").

The Affordable Units referenced in this manual are not the same as public housing units that are funded largely by governmental programs such as those administered by the U.S. Department of Housing and Urban Development ("**HUD**") programs and that are owned, operated and managed by a public housing authority ("**PHA**"). As defined by HUD, "public housing was established to provide decent and safe rental housing for

¹ In accordance with US Department of Housing and Urban Development ("**HUD**") definitions and UHAC practice, "**household**" references the number of persons in the unit and not the size of the unit. See for example, HUD's definition of household as "[o]ne or more persons occupying a housing unit" -- in other words, the number of persons in the home. HUD website accessed June 13, 2016. http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary/, HUD accessed June 13, 2016. See also, UHAC regulation N.J.A.C. 5:80-26.4, "In determining the initial rents and initial sales prices for compliance with the Affordability Average requirements for restricted units ... the following standards shall be used: 1. A studio shall be affordable to a one-person household." (Emphasis added).

eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high rise apartments for elderly families. There are approximately 1.2 million households [in the US] living in public housing units[.]”² Some municipalities create their own PHAs which operate and manage public housing within the municipality.

B. Who Qualifies for Affordable Housing?

To be eligible for Affordable Housing in New Jersey, a household’s income must be below the established income limit for the region in which the Affordable Housing is located. There are three eligibility levels: very low, low, and moderate. A moderate-income household is classified as earning less than 80 percent of the area median income. A low-income household is classified as earning less than 50 percent of area median income, and a very low-income household is classified as earning less than 30 percent of median income. See Glossary for definitions of “**Low- Income Household**” and “**Very Low-Income Household**”. There are different median incomes in each of the six Affordable Housing regions shown in Figure 1 below, with the Township of Verona located in Region 2. The income limits are adjusted annually.

Figure 1: Affordable Housing Regions

Regions	Counties
•	Bergen, Hudson, Passaic, Sussex
•	Essex, Morris, Union, Warren
•	Hunterdon, Middlesex, Somerset
•	Mercer, Monmouth, Ocean
•	Burlington, Camden, Gloucester
•	Atlantic, Cape May, Cumberland, Salem

C. Equal Housing Opportunity

Title VIII of the Civil Rights Act of 1968 (the “**Fair Housing Act**”), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians,

² http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph, US HUD Website, accessed June 7, 2016.

pregnant women, and people securing custody of children under the age of 18), and disability.

The New Jersey Law Against Discrimination (“**LAD**”) prohibits discrimination when selling or renting property. The law covers owners, agents, employees and brokers and makes it unlawful to refuse to rent, show or sell property based on a person's race, creed, color, national origin, nationality, ancestry, marital status, domestic partnership or civil union status, familial status, affectional or sexual orientation, gender identity or expression, sex, or mental and physical disability, including AIDS and HIV-related illness. In addition, the LAD prohibits discrimination in the housing context based on one's source of lawful income or rent subsidy.

II. CREATION OF NEW UNITS

This manual applies to UHAC eligible units whether for rent or for purchase, 100 percent affordable developments, market-to-affordable projects, gut-rehab projects, and other innovative Affordable Housing mechanisms. It does not apply to projects exempt from UHAC including low income housing tax credit projects and group homes.

A. Review Project Requirements

When a new project is planned, the administrative agent designated by the Municipality for the administration of Affordable Units (the “**Administrative Agent**”) will gather the information. The first step is to review development approvals and/or developer agreements, the Housing Element and Fair Share Plan, and the municipal Affordable Housing Ordinance including its Affirmative Marketing Requirements if applicable.

B. New Purchase Units

1. Initial Pricing and Bedroom Distribution of Purchase Units

The Administrative Agent will determine the initial pricing stratification in compliance with UHAC³. The pricing calculation will take into consideration costs that exist at that time including such factors as the mortgage rate, tax rate, equalization ratio, condominium/homeowner association fee, and Private Mortgage Insurance (“**PMI**”). PMI must be included in the pricing calculation even if a new development will provide

³ Under UHAC, 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” (hereafter “**Maximum Restricted Sales Price**”).

financing that will not require PMI. This will ensure that the price is affordable at future sales when PMI will be required. The maximum restricted sales price (“**MRSP**”) will be affected by mortgage interest rates when an affordable Unit is initially priced. At resale, the prevailing mortgage interest rate will be used to determine the affordability of that particular unit to the applicant household.

2. Upgrades from Builder

The builder may offer buyers of new Affordable Units the opportunity to purchase upgrades such as granite countertops or hardwood flooring at additional cost. If upgrades are offered, the following guidelines apply:

- a. These upgrades must be optional. The buyer must be able to choose NOT to purchase the upgrades and be able to buy the base home at or below the MRSP.
- b. The sale price of the home will be at or below the MRSP without the cost of the upgrades.
- c. All future sales will be based on the sale price without the upgrades. In other words, the buyer will not be able to recoup the cost of the upgrades at the next sale.
- d. The buyer cannot finance more than the MRSP. As a result, the buyer will not be able to finance the cost of the upgrades.

3. Deed Restriction

Affordable Units created under this program will be deed restricted as affordable for a period of at least 30 years and thereafter until the municipality takes action to release the affordability controls. All legal instruments to secure the affordability will be modeled after the applicable instruments published in the UHAC Appendices. When there is a Master Deed, one restrictive covenant will be filed for all Affordable Units but the affordability control period start date for each unit begins with the date that each particular unit is initially occupied. This should be filed in advance of the initial Affordable Housing closing for each project or unit.

A market-rate appraisal will be required to calculate the repayment amount on the affordable Recapture Mortgage Note. (This amount is the difference between the market appraisal and the affordable sale price and is due at the first non-exempt sale at the end of the control period.) The developer is responsible for providing the market rate appraisal. One appraisal can be used for similar unit types (all one bedrooms that are the same models, for example) if the appraisal is less than six months old. If the buyer’s mortgage company completes a market-rate appraisal, that appraisal can be used instead. (See additional discussion in Section V.)

4. Earnest Money (Deposit) for Ownership Properties

The Affordable Housing rules do not specify a minimum or a maximum amount that a buyer must put down on a property when the Purchase Agreement and/or Contract of Sale is executed. However, while not required, a down payment is recommended because banks will almost never lend without a 5% minimum contribution.

C. New Rental Units

1. Initial Pricing and Bedroom Distribution of Rental Units

Rents will be set according to the pricing guidelines outlined in UHAC. In order to comply with 2008 amendments to the Fair Housing Act, 13 percent of all affordable rental units in a project will be priced at 30 percent of median income (N.J.S.A. 52:27D-329.1.) (This requirement is more stringent than the UHAC guidelines which stipulate that at least 10 percent of all Affordable Units in the development be affordable to households earning no more than 35 percent of median.) In all cases, the more stringent of the two requirements will prevail.

2. Mandatory and Optional fees

If the landlord charges a mandatory fee for rental units such as an amenity fee or association fee, this fee will be subtracted from the permitted maximum rent. *At no time should the rent plus required fees exceed the maximum rent allowed.* (Utility allowances are factored into the initial pricing and are not considered mandatory or optional fee. See above.)

The developer may require that all renters purchase *rental insurance*. The rental insurance cost is not considered a mandatory fee and will not be included in the initial rental calculation or part of the minimum income calculation.

The landlord may charge optional fees to tenants. However, the landlord is not permitted to charge affordable tenants these fees and waive them for market units. *For example, if parking is included in the rent for market units, the landlord cannot charge affordable tenants for parking.* Example of optional fees include:

- Optional parking fee
- Optional amenity fee
- Optional pet fee
- Optional month-to-month fee

The Administrative Agent will review and approve all leases to determine that the rent plus required fees do not exceed the maximum rent allowed.

3. Deed Restriction

Affordable Units created under this program will be deed restricted as affordable for a period of at least 30 years and thereafter until the Township takes action to release the affordability controls. All legal instruments to secure the affordability will be modeled after the applicable instruments published in UHAC.

The rental deed restriction will list the income level designation as well as the bedroom size of each Affordable Unit. The units cannot be “swapped” during the control period. *For example, after the deed restriction is filed, the affordable designation of the unit cannot be changed from a Low-Income to a Moderate-Income unit.* Moreover, it is important to note that the prevailing regulations (UHAC) do not require annual recertification, and therefore while the unit remains as a Low/Moderate-Income unit during the term of the deed restriction, the income of the current tenant is no longer relevant following initial eligibility. The same rules relating to initial eligibility certification and no annual recertifications will continue to apply to each subsequent tenant throughout the duration of the deed restriction.

4. Application Fees

Affordable units are “private” market units (as opposed to public housing units) where rents are set (and deed restricted as to time) to be affordable to very low, low, and moderate income persons. Although deed restricted, the units still are under the “control” of the private owner/landlord, with oversight by the Administrative Agent. Accordingly, other than the set rent and deed restriction requirement, the landlord may establish its own non-discriminatory legal criteria for tenant selection. Such tenant selection criteria must be the same in renting Affordable Units as for leasing market rate units. With respect to the landlord’s tenant selection criteria, the Administrative Agent’s responsibility is to ensure that (1) the criteria for the Affordable Units is consistent with the market-rate criteria, and (2) the application fee is deemed to be reasonable.

The landlord may choose to collect an application fee from households interested in applying for Affordable Housing. UHAC rules limit the application fee to 5 percent of the monthly rent of the applicable rental unit.

After the household passes the landlord’s tenant selection criteria, the landlord *may* choose to collect an additional fee from the applicant to process the Affordable Housing application. Landlords may choose to implement this optional fee so only serious applicants move through the income certification process. If this optional fee is collected, the following rules apply:

- The fee cannot be higher than one month’s rent.
- If the applicant is income-certified and rents the unit, the fee will be applied to the first month rent and/or down payment.
- If the applicant is income certified and they choose not to rent the unit, the landlord is not required to return the fee.
- If the applicant is determined to not be income eligible, the landlord must return the fee.

5. Security Deposit

Security deposits for Affordable Units are governed by New Jersey Landlord-Tenant regulations. The requirements are the same for Affordable Units as they are for market-rate units.

6. Tenant Selection Criteria

As explained in Section 4 above, the landlord is permitted to set tenant selection criteria and screen applicants on criteria such as credit score, subject to approval by the Administrative Agent. All tenant selection criteria must comply with all New Jersey landlord tenant laws and the landlord is required to provide the Administrative Agent with a written copy of its tenant selection criteria. The tenant selection criteria must be applied uniformly to all applicants, and the landlord cannot impose stricter criteria on affordable tenants than market-rate tenants.

D. Project Monitoring

All new unit information will be compiled and maintained by the Administrative Agent and filed with Fair Share Housing Center.

III. Marketing of Units, Waiting List, and Matching Households to Available Units

The following section describes the steps that will be taken to identify very low, low, and moderate income families that may be interested in renting and purchasing Affordable Units created by the Municipality. All marketing initiatives must comply with the Affirmative Marketing rules established by UHAC, as presently set out in NJAC 5:80-26.15 and in accordance with any additional Affirmative Marketing Plan developed by the Municipality.

Development-specific Affirmative Marketing Plans would outline required marketing, including paid advertising that must be conducted before a random selection is completed.

While the waiting list is open, Affirmative Marketing will continue in the form of listing of units on NJHRC.gov, affordablehomesnewjersey.com, and/or quarterly mailings to community groups, major employers, and government agencies in the New Jersey Affordable Housing region where the Municipality is located. If the waiting list is ever closed because of the long length of the list, paid advertising as outlined in the Affirmative Marketing Plan will be required to reopen the waiting list.

A. Preliminary Application

All households that wish to be considered for Affordable Housing must submit a preliminary application. The preliminary application will include questions about household income and its composition in order to determine preliminary eligibility.

Please note that preliminary eligibility is based solely on self-reported information by the applicant and is in no way a guarantee of eligibility.

If the applicant indicates that their total household income is below the moderate-income limit for their family size, they will be eligible for placement in the applicant pool. The Administrative Agent will also set a minimum income that is required to be added to the waiting list. Applicants will be required to provide written documentation of their income at the time of the full income certification.

B. Random Selection and Waiting List Priority

For new projects and when random selection is utilized, the Administrative Agent will assign random numbers to each applicant through a computerized random number generator thereby creating a waiting list.

After the list of applications submitted during the initial lottery period is exhausted, the priority of preliminary applications is established by the date that the household submits their preliminary application (“**Interest Date**”).

A separate waiting list will be kept for ownership versus rental units, resulting in a total of two waiting lists for the Municipality. Households waiting for age-restricted and family rental units will be part of the same waiting list. Likewise, households waiting for age-restricted and family ownership units will be part of the same waiting list. In filling an age-restricted property, households that do not meet the age requirements will be skipped.

When brand new Affordable Units become available for rent or sale in a new development, a lottery will be conducted unless there are households on the existing waiting list with lottery numbers that have not been contacted. In these cases:

- Those applicants with lottery numbers will be contacted first.
- Households that submitted a preliminary application after the last lottery (and do not have lottery numbers) will be included in the next lottery if it is required to fill the units.
- Affirmative Marketing will be required before this lottery is held since these are new Affordable Units and the public must be made aware of the new Affordable Housing opportunity.

As an example, if a new housing opportunity arises that will create 150 new Affordable Units and the existing waiting list has only 50 applicants on it (who hold numbers 1 to 50), a new lottery will be held with Affirmative Marketing. If an additional 50 applications are submitted as a result of this marketing effort, then these “new” applications will be assigned numbers 51 to 100 on the waiting list.

The household with the highest lottery number (or oldest Interest Date) may not always be the next person contacted for a specific available unit because of factors impacting waiting list priority. In addition to age-restricted requirements already discussed, these factors include the number of persons in the household, household income level, households with a person with physical disabilities, veteran’s preference and regional preference as may be established in the Municipal Affordable Housing Ordinance.

C. Questionnaire

When an applicant becomes eligible to be offered an Affordable Unit, they will be asked to complete a Questionnaire. The Questionnaire will assess whether they continue to meet the income requirements and whether they remain interested in purchasing or renting a specific unit or unit type.

In order to match households to available units as quickly as possible, the Administrative Agent will choose whether to limit the outreach to the next group of applicants on the waiting list (private outreach) or outreach to all eligible households (public outreach), as discussed in the following section.

1. Private Outreach

When there is a long waiting list, the Administrative Agent will only outreach to a limited group of applicants who are next on the waiting list. This approach is typically taken with rental projects and new ownership units.

The Administrative Agent will invite approximately 5 households that meet the eligibility requirements to complete a Questionnaire for each available unit. Waiting list priority will be established by the factors outlined in *Figure 3*.

Households will have 24 hours to request to visit the unit at some future, mutually agreed upon time. If they request to visit, they will then be prompted to update a simple Questionnaire. If they do not want to pursue the unit or even if they do not respond at all, they will **not** be removed from the waiting list and will be notified of the next available vacancy.

The interested household will be referred to the landlord/developer to view the unit(s) and pay the application fee, if required. New ownership developments may require a mortgage preapproval be submitted prior to viewing the home. If more than one household qualifies and is interested, the household with the highest priority (lottery number or Interest Date) will be offered the unit.

Figure 3: Additional Factors Impacting Waiting List Priority

<ul style="list-style-type: none"> ● Age-Restricted 	<p>Only households that meet the age-restricted requirements will be offered age-restricted units.</p>
<ul style="list-style-type: none"> ● Regional Preference 	<p>Municipalities may choose to give preference to households that live or work in the local Affordable Housing region. In such instance, applicants who indicate that they live or work in the Affordable Housing region will be contacted before those outside the region. Once those applicants are exhausted, applicants outside the region will be contacted.</p>
<ul style="list-style-type: none"> ● Household Size (Number of Members) 	<p>Whenever possible, there will be at least one person for each bedroom. If the waiting list is exhausted and there are no households with a person for each bedroom, units will be offered to smaller sized households that do not have a person for each bedroom. An applicant household cannot be required to take an Affordable Unit with a greater number of bedrooms as long as overcrowding is not a factor. (A maximum of two people are permitted per bedroom.) A household can be eligible for more than one unit category.</p>
<ul style="list-style-type: none"> ● Maximum Income Limit and Minimum Income 	<p>Only households that are under the income limit of the Affordable Unit AND meet the minimum income requirements will qualify to apply for the next Affordable Unit.</p>
<ul style="list-style-type: none"> ● Fully Accessible Units 	<p>A household with a person with physical disabilities will get preference on the waiting list for accessible units because of the very limited number of handicapped accessible units. Applicants must provide a letter from their doctor stating what kind of accommodation they require as a result of their disability.</p>
<ul style="list-style-type: none"> ● Veterans Preference 	<p>The Municipality and developer may enter into an agreement to provide preference to very low, low, and moderate income veterans who served in time of war or other emergency, as defined in section 1 of P.L.1963, c. 171 (C.54:4-8.10), of up to 50 percent of the affordable units in that particular project. If applicable, veterans who apply within 90 days of the initial marketing period shall receive preference for the rental of the agreed-upon percentage of affordable units. After the first 90 days of the initial 120-day marketing period, if any of those units subject to the preference remain available, then applicants from the general public shall be considered for occupancy.</p>

2. Public Outreach

The Administrative Agent will contact all eligible households for a specific unit when the waiting list is short or when there are several properties available. Public outreach is typically conducted for the resale of existing units. It allows the Administrative Agent to move through the waiting list as quickly as possible.

When the Administrative Agent is notified of a pending rental vacancy or the intent of the owner of a single-family unit to sell, the Administrative Agent then will set a deadline by which all applicants that have indicated an interest in this development or in the Municipality must return a Questionnaire. Waiting list priority will be established by the factors outlined in *Figure 3*. Interested households will be provided the contact information of the owner/seller to be provided an opportunity to view the home. If more than one household qualifies and is interested, the household with the highest priority number will be offered the unit first.

If the unit is still available after this initial outreach, the Administrative Agent will contact households not previously contacted in the first outreach such as smaller-sized households and out-of-region households (if applicable.) If the home still does not have a buyer, the Administrative Agent will open the listing up to all household sizes.

Households will not be removed from the waiting list if they do not choose to purchase a unit they are offered during public outreach.

D. Determining Preliminary Eligibility

The Administrative Agent will review the Questionnaire to determine whether the applicant meets or continues to meet the requirements to rent or purchase the unit. All information will be verified during the full application process. The following sections describe the factors that will be reviewed to determine preliminary eligibility as well as final eligibility during the full income certification process.

1. Regional Preference

Should a municipality determine that households that live or work within the Municipality's Affordable Housing Region are to be given Regional Preference in being contacted, such Regional Preference shall be set out in the municipality's Affordable Housing Ordinance. Upon the adoption of such an ordinance, the Administrative Agent will confirm that the household either lives or works within the region. If they no longer live or work within the region, they will remain on the waiting list for consideration after all in-region applicants have been considered.

2. Determining Household Composition

The household is composed of all permanent members of the household, and the composition will determine both the size of the unit needed by the household and the maximum income limit of that household. Some household members may be considered in the bedroom calculation who are not counted in the maximum income calculation as show in *Figure 4*. If applicant's divorce decree states that both parents share legal and residential custody but the former spouse has primary custody for school purposes, the child may be included in the applicant's household when determining household size during the income certification process.

Figure 4: Determining Household Size (Number of Members)

	Maximum Household Income Limit	Bedroom Size Calculation
Foster Children	Do not count in household (do not include foster care income either)	Count
Live in Health Aid or Nanny (<i>This must be a paid position and proof of contract with caregiver is required</i>)	Do not count (Must provide proof that person is hired)	Count
Child Whose Primary Residence is Not the Applicant Household	Do not count unless custody is 50/50 (see narrative)	Count
Unborn Child	Count (Cannot ask for documentation because of privacy)	Count
Child Being adopted	Count	Count
Full time college student not living at home (<i>Full time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester</i>)	Count (Do not count any part time income earned where part time is any income earned on less than a 35 hour work week)	Count

3. Maximum Income Limits

The Administrative Agent will confirm that the household's income reported on the Questionnaire falls under state mandated maximum income limit for the unit for which they are applying. Maximum income limits are provided annually by the State for each of the six Affordable Housing regions.

4. Minimum Income Requirements

Unlike maximum income limits, the State does not set minimum income limits. Instead, the State provides different income-to-housing expense ratios for rental and purchase units and different standards for age-restricted homes. The purpose of these ratios is to provide guidelines so applicants will be able to sustain their monthly housing expenses in the Affordable Units.

Evaluating minimum income requirements is complicated because the permitted ratio of monthly income that can be spent on housing expenses varies for different unit types and waivers are permitted. *Figure 5* details the minimum income ratios that will be utilized at each

stage of the outreach process as well as during the full income certification. Since waivers from UHAC are allowed (see below), outreach is extended to households that do not quite meet the minimum income requirements. *For example, UHAC stipulates that households must not pay more than 33 percent of their monthly income for housing expenses if they are purchasing a home unless they meet a waiver requirement. When a specific home is for sale, outreach is expanded to all households whose housing expenses are under 35 percent instead of 33 percent. At the time of income certification, the exact percentage and whether they meet a waiver requirement is confirmed.*

Precise waiver requirement standards are not stipulated in UHAC, and *Figure 5* provides guidance when evaluating waiver requests. The State permits the Administrative Agent to give waivers to households to purchase a unit when their existing monthly housing expenses exceed 33 percent of their monthly income under the following conditions:

- The household can provide evidence that they have completed a HUD-certified home budgeting course; and
- The household obtains a firm mortgage loan commitment at the higher housing expense percentage of income level from a licensed financial institution.

Likewise, rental waivers may be given under the circumstances described below, and the household must receive a budgeting counseling class.

- The household can document that the housing expense of the Affordable Unit is less than the housing expenses of their current housing; or
- The household currently pays more in rent and the proposed rent will reduce the household's housing costs; or
- 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; or
- The household is currently in substandard or overcrowded living conditions;
- The household documents the existence of assets, with which the household proposes to supplement the rent payments; or
- The household documents proposed 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. (This includes applicants with a Section 8 Voucher.)

When reviewing a waiver request, the Administrative Agent may take into consideration whether the applicant is receiving other assistance such as SNAP Benefits (Food Stamps).

5. Minimum Down Payment (Ownership Only)

For all purchase units, the Administrative Agent will review how much the applicant self-reports as having available for a down payment. If the down payment is less than 5% of the purchase price, the applicant will be advised that they may not be able to obtain a mortgage to purchase the home because most banks require at least a 5% down payment.

6. Regional Asset Limit

If an applicant owns a home without a mortgage, the value of the home must be less than the Regional Asset Limit set by the State annually. See Appendix A for updated regional asset limit. An appraisal or listing with real estate agent is required to verify value.

This Regional Asset Limit test does not apply to:

- Properties with a mortgage even if the applicant's equity exceeds the asset limit;
- Cash or other assets; and
- Applicants whose property taxes and fees on the property are more than 38 percent of the household's income.

Figure 5: Minimum Income Calculations ¹

RENTALS		
<i>Monthly Housing Expense Calculation is rent + utilities not included in rent – monthly rental Assistance (if accepted by landlord)</i>		
	Family Units	Age-Restricted Units
To Submit Preliminary Application	Any household with income over \$8,000/year	Any household with income over \$8,000/year
To Be Invited To Submit Property Questionnaire	37% of income toward housing expenses 45% of income toward housing expenses with rental waiver ²	42% of income toward housing expenses 45% of income toward housing expenses with rental waiver ²
To Be Invited To Submit Full Application	37% of income toward housing expenses 45% of income toward housing expenses with rental waiver ²	42% of income toward housing expenses 45% of income toward housing expenses with rental waiver ²
To Be Income Certified To Rent Unit	35% of income toward housing expenses 45% of income toward housing expenses with rental waiver ² If applicant meets minimum income requirement with rent only, case manager will review utility allowance ³	40% of income toward housing expenses 45% of income toward housing expenses with rental waiver ² If applicant meets minimum income requirement with rent only, case manager will review utility allowance ³
UHAC Requirement (Without Waiver)	35% of income toward Housing Expenses	40% of income toward housing expenses
OWNERSHIP		
<i>Monthly Housing Expense Calculation is monthly mortgage cost +HOA fee + property tax + insurance</i>		
	Family and Age-Restricted Units	
To Submit Preliminary Application	Any household with income over \$8,000/year . No minimum down payment required.	
To Be Invited To Submit Property Questionnaire	35% of income toward housing expenses No minimum down payment required	
To Be Invited To Submit Full Application	35% of income toward housing expenses 5% minimum down payment required (no loans or grants)	
To Be Income Certified To Purchase Unit	33% of income toward housing expenses 35% of income toward housing expenses with ownership waiver ²	
UHAC Requirement (Without Waiver)	33% of income toward housing expenses	
¹ Minimum income and percentages may be adjusted as needed to administer the program. Minimum income should not restrict eligible applicants and is designed to prevent applicants who do not have enough income from being added to the waiting list. All minimum income requirements will be clearly posted on the Administrative Agent’s website. ² Rental and Purchase waiver requirements are explained in the <i>Minimum Income</i> Section of this Chapter (see Section 4). ³ The utility allowance review will determine whether the applicant will be able to afford the monthly expenses. This is sometimes required because the new utility allowance greatly exceeds the original utility pricing or their household’s actual utility costs may be less because of energy improvements.		

7. Minimum Credit Score

For all purchase units, the Administrative Agent will review the self-reported credit score of the applicants when determining preliminary eligibility. The Administrative Agent will determine the minimum determined credit score (such as 600) based on the current credit requirements of banks, and the same standard will be applied to all applicants.

There will be no minimum credit score for applicants paying cash for their homes since they do not need to qualify for a mortgage.

Applicants for rental units will be advised of the minimum credit score required by the landlord. As stated above, Affordable Units are “private” market units where rents are set, and while deed restricted as to time, they are still under the “control” of the private owner/landlord, with oversight by the Administrative Agent. Accordingly, other than the set rent and deed restriction requirement, the landlord may establish its own non-discriminatory legal criteria for tenant selection. Such tenant selection criteria must be the same as (and not more stringent than) the selection criteria for leasing market rate units.

8. Separated Applicants

Separated applicants who have not finalized their divorce settlement agreement cannot purchase an affordable home until the spouse signs a form stating that they are releasing any claim right or interest in the affordable home being purchased. If the spouse refuses to sign the release, the applicant can request a judge to require the spouse to sign the form.

In order to calculate the household income of separated applicants at the time of the full income certification for both rental and sale properties, the applicant will need to provide a settlement agreement, divorce decree, or a division of assets signed by both parties.

E. Annual Updates

In order to keep the waiting list current, households will be asked to update their contact and other qualifying information on the waiting list annually. Households that do not update their information will be removed from the waiting list.

F. Full Application

Households will be invited to submit a full application to purchase or rent an affordable unit in order for the Administrative Agent to determine the income eligibility of the household. Applicants will have seven (7) days to submit the income application and seven (7) day extensions are permitted for a total of two weeks (14 days). Once the full application is received, the Administrative Agent will complete a determination of the household’s eligibility within fourteen days.

G. Removal from the Waiting List

Applicants on the waiting list for Affordable Housing can be removed from the list for any of the following reasons:

1. The applicant's income exceeds the income guidelines;
2. The applicant does not have the minimum income to purchase or rent any units in the portfolio;
3. The applicant owns an asset that exceeds the Regional Asset limit;
4. The applicant requests to be removed;
5. The applicant submits fraudulent information during the income certification process;
6. The applicant fails to submit the complete application on time (this includes failure to provide documentation needed to verify income and other required documents);
7. The applicant fails to respond to an inquiry in a timely manner;
8. The applicant does not cooperate or is abusive with staff, property managers, or the sellers of Affordable Units;
9. The applicant does not meet the credit requirements or other tenant selection criteria required by the landlord;
10. The applicant is unable to secure a mortgage;
11. The applicant does not attend a budgeting/home buyer counseling class if such is required (e.g., for a waiver);
12. The applicant does not respond to requests to purchase or rent a unit;
13. The applicant does not submit an annual update; or
14. The applicant has been approved to rent or purchase a unit in the Municipality.

Applicants who are removed from the waiting list may reapply. If approved to rent or purchase a unit in the Municipality, they may reapply for other opportunities in the Municipality.

H. Income Certified Applicants on the Waiting List

Under certain circumstances, an applicant may be fully income certified but they do not proceed with the purchase or renting of the unit. In this case, the applicant will resume their original position on the waiting list. They will be contacted in the same priority outlined in this Chapter. In other words, being fully income certified will not result in any priority on the waiting list over other applicants. If the applicant does not sign a contract or lease within six months of the income certifications, the certification will expire.

IV. Determining Income Eligibility

To be eligible for consideration for an Affordable Unit, a household must be determined to be income eligible. This income eligibility is modeled after the US Department of Housing and Urban Development's process known as Part 5. This system for determining eligibility is to sum the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

A. What is Considered Income

Figures 6 and 7 detail what sources of income are included in the income calculation and what sources of income are excluded as a source of income.

Figure 6: Income Sources Counted in Income Eligibility

Sources Considered Income	Description of Income Source
<ul style="list-style-type: none"> Income from wages, salaries, tips, etc. 	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, and bonuses and other compensation for personal services.
<ul style="list-style-type: none"> Business Income 	The net income from the operation of a business or profession.
<ul style="list-style-type: none"> Interest & Dividend Income 	Interest, dividends, and other net income of any kind from real or personal property. Assets not earning a verifiable income shall have an annual imputed interest income using a current, average annual savings interest rate. (Use average daily balance of bank accounts for the calculations).
<ul style="list-style-type: none"> Retirement & Insurance Income 	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in #14 of Income Exclusions).
<ul style="list-style-type: none"> Unemployment & Disability Income 	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in #3 of Income Exclusions).
<ul style="list-style-type: none"> Welfare Assistance 	Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program.
<ul style="list-style-type: none"> Alimony, Child Support, & Gift Income 	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling. (Child support is not counted as income if it is not being paid even though there is a court order.)
<ul style="list-style-type: none"> Armed Forces Income 	All regular pay, special day and allowances of a member of the Armed Forces (except Armed Forces Hostile Fire Pay as stipulated in the Sources Not Considered Income Exclusions).
<ul style="list-style-type: none"> Rental Income From Real Estate 	Rental income from real estate. Only the mortgage interest payment, insurance, taxes, and management expenses can be a deductible expense. (Mortgage principal payments cannot be deducted.) If the applicant owns real estate and does not receive rental income, the Administrative Agent may determine the fair market rent of the property to determine the potential rental income for the purposes of the application. If actual rent is less than fair market rent, the Administrative Agent shall impute a fair market rent unless rent control applies.
<ul style="list-style-type: none"> Imputed Interest from non-income producing assets such as real estate 	Imputed interest is calculated on the equity of the asset. This applies to the equity of all non-income producing assets.
<ul style="list-style-type: none"> Property or Money Given Away in last 2 yrs 	A percentage of the value of such assets based on the current passbook savings rate, as determined by HUD. Value of property will be based on tax assessment records using the following ratio: (land + improvements)/ equalization ratio.

Only child support and alimony paid to another household by the applicant can be deducted from a household’s income. Court ordered payments which are paid for alimony or child support to another household, whether or not it is being paid regularly, shall be excluded from income for purposes of determining income eligibility.

Figure 7: Income Sources NOT Counted in Income Eligibility (Per HUD Regulations)

Sources Not Considered Income	Description of Income Exclusions
• Income of Children	Income from employment of children (including foster children) under 18 years.
• Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
• Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property.
• Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
• Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
• Disabled Persons	Certain increases in income of a disabled member of qualified families residing in HUD funded HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)). ⁴
• Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
• Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
• Self-Sufficiency Program Income	<ul style="list-style-type: none"> • Amounts received under training programs funded by HUD. • Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). • Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. • Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for a public housing authority (“PHA”) or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving

⁴ The HUD funded HOME Investment Partnerships Program (“**HOME**”) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating Affordable Housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create Affordable Housing for Low-Income Households.

Sources Not Considered Income	Description of Income Exclusions
	<p>as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</p> <ul style="list-style-type: none"> Incremental earnings and benefits inuring to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and any such amounts are excluded only for the period during which the family member participates in the employment training program.
<ul style="list-style-type: none"> Gifts 	<p>Temporary, nonrecurring, or sporadic income (including gifts).</p>
<ul style="list-style-type: none"> Reparations 	<p>Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.</p>
<ul style="list-style-type: none"> Income from Full time Students 	<p>Part time income of non-head of household persons enrolled as full time student. HOWEVER, all income from the head of household will be included even if he/she is a full time student.</p>
<ul style="list-style-type: none"> Adoption Assistance Payments 	<p>Adoption assistance payments in excess of \$480 per adopted child.</p>
<ul style="list-style-type: none"> Social Security & SSI Income 	<p>Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.</p>
<ul style="list-style-type: none"> Property Tax Refunds 	<p>Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.</p>
<ul style="list-style-type: none"> Home Care Assistance 	<p>Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.</p>
<ul style="list-style-type: none"> Other Federal Exclusions 	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> The value of the allotment made under the Food Stamp Act of 1977; Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs; Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); Earned income tax credit refund payments received, including advanced earned income credit payments; The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);

Sources Not Considered Income	Description of Income Exclusions
	<ul style="list-style-type: none"> • Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; • Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and • Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.
<ul style="list-style-type: none"> • Rental Assistance / Gifts For Housing Expenses 	Sporadic or reoccurring gifts for housing expenses from family, friends, or community groups.
<ul style="list-style-type: none"> • Repayment of Loan 	Sporadic or reoccurring payments that are repayment of a loan from to the household.

B. Proof of Income and Other Supporting Documents

Extensive supporting documents are required to document the household’s income and other qualifying criteria.

During the course of the income certification, applicants may be required to submit additional documentation to establish the household composition and income. While it is impossible to list all examples of additional documentation, some examples of additional documentation are described below. The Administrative Agent may require that documentation is notarized.

- Private mortgage documentation (bank statement of party lending the money, letter with terms of private mortgage);
- Proof of gift for down payment (bank statement of party gifting the money, letter with terms of private mortgage);
- Proof of rental assistance from family, friend, or community group;
- Death Certificate of spouse when applicant is a recent widow or widower;
- Notarized letter from employer explaining overtime that will be offered to employee;
- Itemized explanation of deposits in bank accounts;
- If there are other household members that appear to be living in the household now but are not part of the household as it was when applying for housing, the applicant will have to provide a notarized letter explaining the current and existing household composition;
- If there is someone listed on the applicant’s bank statement that is not included in their household applying for Affordable Housing, the applicant will be required to show proof that the person does not reside with the applicant; and

Notarized letter regarding withdrawal from 401K accounts or pensions (For example, if funds were withdrawn last year, will the applicant be making a withdrawal this year?)

Figure 8: Required Supporting Documents

Identification
<input type="checkbox"/> Personal photo identification: Driver’s License, passport, or State ID
Income Related Documents – Provide All That Apply
<input type="checkbox"/> Employment Income: 4 most recent consecutive pay stubs for all employed household members
<input type="checkbox"/> Social Security: Most recent award letter
<input type="checkbox"/> Temporary Assistance for Needy Families (TANF): Voucher or other verification
<input type="checkbox"/> Pension: Letter from pension fund setting forth outlays and benefits received
<input type="checkbox"/> Child Support: Current statement from NJ child support website, court order or notarized letter re: child support status
<input type="checkbox"/> Alimony: Current statement from NJ website or notarized letter regarding alimony support status
<input type="checkbox"/> Military Pay: Verification of military pay
<input type="checkbox"/> Workers' Compensation: Statement showing benefits
<input type="checkbox"/> Unemployment Benefits: Statement showing benefits
<input type="checkbox"/> Self Employed or Own Business: Year to date profit & loss statement (not required if submitting K-1 with taxes)
<input type="checkbox"/> 1099 for Independent Contractors (Profit and loss statements are not permitted)
Bank Statements & Other Accounts (Including JOINT ACCOUNTS)
<input type="checkbox"/> Checking Account: All pages of statements for the last 6 consecutive months
<input type="checkbox"/> Savings Account Statements Including CD's: All pages of statements for the last 6 consecutive months
<input type="checkbox"/> Other Account Statements: Most recent statement for other assets such as retirement accounts, 401k's, stocks, bonds, & trusts
Tax Returns
<input type="checkbox"/> Federal Tax Return: All pages of 1040 Federal Tax Return for the past 3 consecutive years (copies of signed returns to validate the copy)
<input type="checkbox"/> State Tax Return: All pages for the past 3 consecutive years
<input type="checkbox"/> Notarized tax waiver letter if unable to provide taxes
If Applicant Owns A Home, Condo, And/ Or Rental Property, The Following Is Required
<input type="checkbox"/> Current mortgage statement
<input type="checkbox"/> Investment property lease agreement (if applicable)
<input type="checkbox"/> Current year tax assessment record
<input type="checkbox"/> Real estate listing if this property is for sale
<input type="checkbox"/> Contract with the realtor listing property if property is for sale
<input type="checkbox"/> Foreclosure notice (LIS PENDENS, etc.) if the property is in foreclosure
Other
<input type="checkbox"/> Divorce Decree: All pages of divorce decree & settlement agreement
<input type="checkbox"/> Full Time Student Over 18: School schedule to document full time status
<input type="checkbox"/> Section 8: Voucher (RENTAL ONLY)
<input type="checkbox"/> Mortgage Preapproval (OWNERSHIP ONLY)

C. Final Eligibility Determinations

After the household’s annual income and composition is determined and verified, the Administrative Agent will make the final eligibility determination. Requirements related to household composition, Regional Asset Limit, down payments, etc. will also be verified.

Households determined to be eligible will receive an eligibility letter notifying them of their eligibility determination, in writing. When a household is determined ineligible, an internal peer review of the income certification will be completed by the Administrative Agent. If the peer review confirms the ineligibility determination, the household will be notified in writing

and advised that it may submit additional proof and request that the decision be reconsidered by the Administrative Agent. Such request for reconsideration shall be made by the applicant within five (5) business days of receipt of notice of denial of ineligibility. If an applicant for affordable housing is again determined to be ineligible by the Administrative Agent, then the Municipal Housing Liaison (see Chapter 7) will attempt to mediate the decision or policy to the satisfaction of all parties. Any situation that the Municipal Housing Liaison is unable to resolve will be forwarded to the New Jersey Mortgage and Finance Agency (“**Agency**”) (or its successor) for further appeal and review. The determination of the Agency (or its successor) shall be a final administrative action (i.e., decision) subject to review of the courts.

D. Misrepresentation of Information in Application

When the applicant submits their full application, the applicant certifies that all information provided in the application is complete and true as to the entire household. If the applicant makes false statements or provides fraudulent documentation, the applicant will be determined ineligible immediately. They may reapply for Affordable Housing but they will lose their position on the waiting list.

E. Changes to Income and/or Household Composition after Submittal

Prior to the certification process and a determination of eligibility, a household may supplement its application. Once the full application has been submitted with the applicant certifying that all information is complete and true, the applicant enters the Eligibility Period. During this one to two-week timeframe during which the household’s eligibility is being reviewed, the applicant is not permitted to change the employment status of any household member in order to become eligible for Affordable Housing nor change the household composition from what is listed on the application. *For example, the applicant cannot add a member to their household, subtract a member, quit a job, or get a new job, or a raise during the Eligibility Period.* See Glossary for definition of “**Eligibility Period**”. If the applicant does make changes during this Eligibility Period, the household will be determined ineligible and lose their position on the waiting list. However, the applicant may reapply with their new income and/or household composition and will be assigned a new position on the waiting list.

V. Ownership Program

At each purchase, Affordable Housing documents are executed that restrict units as Affordable Units. The process of finding a buyer is explained in depth in *Chapter III*. In addition, the buyer must be income certified as outlined in *Chapter IV* and information about establishing new ownership projects is also included in *Chapter II*.

The following outlines the process of selling and purchasing an affordable home.

A. Selling an Affordable Home

1. Request an Intent to Sell Package

When an owner wants to sell its affordable home, the first step is to request an Intent-To-Sell package. The owner, as “**Seller**”, cannot start the process of selling its home until it makes this request and receives the package from the Administrative Agent.

2. Calculate the MRSP (Maximum Restricted Sales Price)

The Administrative Agent will calculate the MRSP of the affordable home based on the last sale price and the last sale date. The annual increase issued is applied for each year the owner has owned the home. See Appendix A for updated maximum restricted sales price annual increase. However, there is no increase if the owner has owned the home for less than a year. *For example, if an owner purchased an affordable home in March 2015 and requested to sell the home in January 2016, the MRSP is the price the owner paid for the home.*

In addition, if the owner requests to sell their home and the state has not released the annual increase for that year yet, no annual increase for the current year will be applied. *For example, if an owner requests to sell their home in February 2015, and the 2015 increase has not been released, the MRSP will not include an increase for 2015.*

The Administrative Agent will prepare the Intent to Sell Package and send it to the Seller. This package will include:

- Form for the owner to sign and return, formally requesting to sell home;
- The MRSP of the unit;
- An overview of the process of selling an affordable home in this program;
- Blank Purchase Agreement;
- Summary of fees charged by the Administrative Agent/Municipality related to selling of the affordable home;
- Request for digital photographs to be utilized in the marketing of the home; and
- Request for additional information about the home to be utilized in marketing the home such as recent renovations and unit amenities.

3. Start Affirmative Marketing Process

When the Administrative Agent receives the signed Intent to Sell Form back, it will begin the process of looking for a buyer for the unit. This process is outlined in *Chapter III* of this manual. The Administrative Agent will refer interested buyers directly to the Seller. The Seller

will be responsible for showing the home to interested buyers. These buyers will be pre-screened by the Administrative Agent. However, since they will not be income certified, the Seller CANNOT enter into a contract with the buyer until the buyer is income certified by the Administrative Agent. When a household decides to purchase the affordable home, the buyer will be sent a full income certification application.

B. Buying an Affordable Home

1. Preliminary Application and Prescreen

In order to be considered to purchase an affordable home, interested buyers must submit a preliminary application. The unit must be affirmatively marketed to other eligible households on the waiting list first.

2. Income Certification

When a household would like to purchase the home, it will notify the Administrative Agent, and if it is next on the waiting list, it will be invited to submit a full application. The income certification process is described in detail in *Chapter IV*. A mortgage pre-approval must be submitted with the application as well as proof that the buyer has the recommended minimum down payment if required by the bank or provided at buyer's option. Buyers will be advised that they will also be responsible for closing costs, but they will not be required to show proof of funds at the time of the income certification. Closing costs cannot be added to their mortgage principal because the buyer can only finance 95 percent of the MRSP of the home.

3. Mortgage Provider

The Administrative Agent will provide prospective buyers with a list of mortgage companies that have financed deed restricted Affordable Units recently. If the prospective buyer chooses to utilize a different lender, the Administrative Agent will provide the lender copies of the Affordable Housing documents for their review after the buyer is income certified.

A buyer may borrow money to purchase the home from a friend or family member (sometimes referred to as a "*Private Mortgage*".) To proceed with the application, the Administrative Agent will require proof that the lending party has the funds (bank statement of the party who is lending the money, for example) and a notarized letter signed by both parties with the terms of the loan (monthly payment, interest, etc.). If the money is a gift, this should be noted in the letter. The lending party in a Private Mortgage situation MAY NOT be on the deed to the Affordable Unit.

4. Down Payment

In order to encourage homeowner investment and a sense of direct involvement in the homeownership process, it is strongly recommended that the buyer provide 5 percent of the purchase price as down payment. In addition, as a practical matter, applicants are highly unlikely to receive a mortgage without at least a 5% down payment. The funds may be provided

as a gift (e.g., from a family member or friend) if the funds do not have to be repaid, and proof of the gift must be provided at the time of income certification (see above).

Some municipalities offer a down payment assistance grant program. In such cases, the minimum down payment requirement is governed by specific program requirements. The Administrative Agent will maintain a list of down payment assistance programs that may become available and provide program information to buyers.

5. Separated Spouses

Separated applicants who have not finalized their divorce settlement agreement cannot purchase an affordable home until the spouse signs a form stating that they are releasing any claim right or interest in the affordable home being purchased. If the spouse refuses to sign the release, the applicant can request a judge to require the spouse to sign the form.

6. Cosigners on Deeds and/or Mortgages Are Not Permitted

If a buyer for Affordable Housing cannot obtain a mortgage, a family member or friend CANNOT obtain a mortgage and allow the affordable buyer to reside in the home. Anyone on the deed and/or mortgage is considered part of the buyer's household and must be included in the income certification and must reside in the home as its primary residence.

However, not all household members are required to be on the mortgage and/or deed. *For example, if a household is composed of the buyer and its roommate, both the buyer and the roommate will be included in the income certification. The roommate is not required to be on the deed or the mortgage.*

C. Purchase Agreement and Contracts For Sale

As the buyer and seller enter into negotiations, the purchase agreement is an “internal”, not legally binding, COAH generated document between them to establish and ensure that the unit will be affordable to the buyer. It stipulates such terms as the MRSP of the unit, the agreed upon purchase price, the amount of good faith deposit, and the items to be included in the sale price of the unit (“**Purchase Agreement**”). All these terms are then set out in the contract for sale. Typically, the Purchase Agreement is signed after the buyer has been income certified, however under certain circumstances the Purchase Agreement may be amended and signed after the income certification process (see Section 4 below).

The contract for sale is a legal contract between the buyer and seller, finalizing the negotiations between buyer and seller and setting out all material terms of the transaction (“**Contract for Sale**”). The Contract for Sale can only be executed after the household is income certified.

Copies of both the Purchase Agreement and Contract for Sale should be sent to the Administrative Agent immediately upon execution.

1. MRSP and “Extras”

The Purchase Agreement includes a section for the Seller to list items that may be sold separately at a price agreed upon by the buyer and seller. The price to be paid for items of personal property shall not be used as a mechanism to avoid or circumvent the limitations on

the resale price of the unit itself. The personal property for sale cannot become a contingency of the house sale. If this separate transaction occurs, it cannot be incorporated into the Mortgage or Contract of Sale.

These “extras” do not include items of property that are permanently affixed to the unit such as countertops and flooring or were part of the original sale. These permanently affixed items are to be included in the MRSP and no additional compensation is permitted to the owner. As stated in UHAC, N.J.A.C. 5:80-26.9: “Upon the resale of a restricted unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (for example, refrigerator, range, washer, dryer, dishwasher, wall-to-wall carpeting) shall be included in the maximum allowable resale price.”

2. Accepting and Rejecting Offers

The Seller of the home must accept offers from the next buyer on the waiting list whose income is certified and who offers to purchase the home for the MRSP. The Seller cannot reject an offer at the MRSP from the first eligible person on the waiting list for any reason such as the buyer not making a cash purchase. In the contract, the Seller can include a requirement that the buyer be able to close in a reasonable amount of time, such as two months.

Buyers may make offers at less than the MRSP. The seller may choose to accept such an offer but is not required to accept such lower offers.

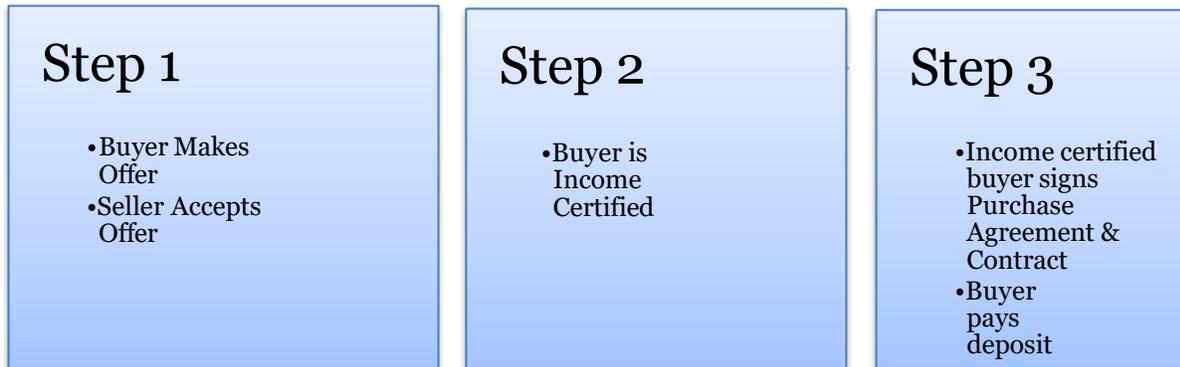
3. Good Faith Deposit/Earnest Money

It is not required, but the seller may choose to collect a good faith deposit or earnest money at the time the Purchase Agreement is signed.

4. Purchase Agreement and Income Certification

The Purchase Agreement is typically signed only after the household is income certified. (*See Figure 9 below.*) Under this process, the Purchase Agreement clearly states that only an income certified household may sign a purchase agreement. This process will be utilized for most resales, and it is the most effective process for selling homes if there is not a high demand for the home.

Figure 9: Purchase Agreement Signed After Income Certification



However, under certain circumstances, the Administrative Agent may amend the Purchase Agreement to permit a buyer who is not yet income certified to sign the Purchase Agreement. These circumstances include new developments where demand is very high for the units. Under this approach, as shown *Figure 10*, the Purchase Agreement will clearly state that the Purchase Agreement is contingent on the income certification by the Administrative Agent of the buyer as a Low or Moderate-Income household and, in the event that the household is determined not to be income eligible or does not submit a complete application, then the Purchase Agreement is invalid.

Figure 10: Purchase Agreement with Non-Income Certified Buyer



D. Attorneys

New Jersey does not require that attorneys participate in real estate transactions. However, while not a requirement, it is recommended that both the buyer and seller hire an attorney to draft the contract and represent them during the transaction.

E. Realtors

A realtor is not required for the sale of the affordable home because the Administrative Agent will refer interested buyers from the waiting list. However, some Sellers may choose to hire a realtor to conduct additional marketing and show the home. This is permitted under the following circumstances:

- The Seller provides the realtor's contact information to the Administrative Agent so that the Administrative Agent can inform the realtor of the MRSP, preliminary application, income certification process, and other Affordable Housing requirements;
- All interested buyers referred by the realtor, must submit a preliminary application and will be contacted following the process outlined in Chapter III; and
- Any realtor fee is subtracted from the MRSP. In no circumstances will the price of the home exceed the MRSP.

F. Coordination of Closing

After the home goes under contract, the Administrative Agent will maintain regular contact with the buyer, seller, and/or their attorneys as well as the mortgage provider. The Administrative Agent will answer questions about the Affordable Housing documents and assist to resolve any issues that arise before closing.

1. Required Legal Documents

The Administrative Agent will prepare the Affordable Housing documents summarized in *Figure 11*. If 95/5 is currently being used, we will continue to use 95/5 for resales. However, in all other cases, we will use Round III deed restrictions.

2. Resale of Affordable Units: Requirement for a Market Rate Appraisal

A market rate appraisal will be required to calculate the repayment amount on the affordable Recapture Mortgage Note. (This amount is the difference between the market appraisal and the affordable sale price and is due at the first non-exempt sale at the end of the control period. The repayment amount is paid to the Municipality.)

For new units, the developer is responsible for providing the market rate appraisal. If the buyer's mortgage company completes a market-rate appraisal, that appraisal can be used instead.

For resales, the buyer must provide the market rate appraisal. If the buyer's mortgage company will not be completing a market rate appraisal or it is a cash deal, the buyer must pay for a market rate appraisal. *This buyer will be notified of this requirement as soon as the Purchase Agreement is signed because the unit cannot close without the market appraisal.*

Figure 11: Legal Documents for Ownership Units

	No Master Deed	Master Deed
Not a 95/5 Unit	<ul style="list-style-type: none"> ◆ Deed “A” ○ Certification “J” ○ Recapture Note “L” (DCA), “N” (Municipality), or “P” (Agency) ◆ Recapture Mortgage “M” (DCA), “O” (Municipality), or “Q” (Agency) 	<ul style="list-style-type: none"> ◆ Deed “D” ◆ Restrictive Covenant “C-1” ○ Certification “J” ○ Recapture Note “L” (DCA), “N” (Municipality), “P” (Agency) ◆ Recapture Mortgage “M” (DCA), “O” (Municipality), or “Q” (Agency)
95/5 Unit	<ul style="list-style-type: none"> ◆ Deed “B” ○ Certification “J” ○ Recapture Note “G” ◆ Recapture Mortgage “H” 	<ul style="list-style-type: none"> ◆ Deed “D” ◆ Restrictive Covenant “C-2” ○ Certification “J” ○ Recapture Note “G” ◆ Recapture Mortgage “H”
<ul style="list-style-type: none"> ○ Must be filed with Administrative Agent / Municipality ◆ Must be recorded with County 		
<p><i>95/5 Unit:</i> Existing projects (generally completed before 2004) are considered 95/5 units and the Legal Instruments for 95/5 units will be utilized.</p>		

3. Closing Fees

If applicable, required closing fees paid by the Seller are due at the time of closing and must be included on the Settlement Statement. The fee cannot be waived.

The only exception is if the unit is bank owned as the result of a foreclosure action and the lenders (such as FHA, Fannie Mae, or Freddie Mac) are statutorily prevented from paying closing fees.

4. Closing Checklist

At the closing, the Administrative Agent will review the Affordable Housing rules with buyer including the following:

- When the unit is sold in the future, the owner must contact the Administrative Agent. The unit cannot be sold for more than the MRSP, and it must be sold to an income Certified Household;
- All refinancing, including lines of credits, secured by the Affordable Unit, must be approved in advance and in writing by the Administrative Agent. The total amount of all debt may not exceed 95 percent of the MRSP of the home;
- The Affordable Unit must be the owner’s primary residence;

- No renting of this unit is permitted except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent (see Waiver section for more information); and

Improvements made to the unit will not increase the MRSP. However, as permitted under UHAC (N.J.A.C. 5:80-26.9), an owner “may apply to the Administrative Agent to increase MRSP for the unit on the basis of 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 [additional bedroom, cost of central air conditioning [N.J.S.A. 5:80-26.9]. In no event shall the MRSP for an improved housing unit exceed the limits of affordability for the larger household.”

Prior to closing, the Administrative Agent will obtain a copy of the Closing Disclosure for the Affordable Housing file that is executed at closing between the buyer and seller to confirm that:

- The sale price listed on the Closing Disclosure does not exceed the MRSP; and
- The buyer has not financed more than 95 percent of the sale price and that the buyer is not receiving cash back at closing.

Following closing, the Administrative Agent will obtain one original set of documents and distribute the copies as follows:

- Original of Mortgage, deed, discharges and Restrictive Covenant (if applicable) to the attorney or title company that handled the closing for recording.
- Copy of all documents is provided to the buyer.
- Original of Mortgage Note and copies of all other documents are kept by the Administrative Agent for the Affordable Housing file.

G. Refinance Requests

Affordable home owners are permitted to refinance their mortgages or incur some form of additional debt on their home, such as a home equity loan. The owner must notify the Administrative Agent who will review the request to confirm that the total debt is not more than 95 percent of the current MRSP. If the total debt exceeds 95 percent of the MRSP, the request will be denied. If the request is under 95 percent, the request will be approved.

Reverse mortgages are not prohibited by UHAC. However, lenders have historically not approved reverse mortgages on deed restricted affordable properties because of the refinance limits. Any requests for reverse mortgages should be carefully reviewed to ensure that there is no way the loan amount will exceed 95 percent of the MRSP.

If there is a fee to review the refinance request, the refinance review will not be started until the fee is submitted via certified check or money order.

As clearly stated in the Restrictive Covenant, the owner is forbidden from refinancing or taking an equity loan, a secured letter of credit, or any other mortgage obligation or other debt without advanced, written approval from the Administrative Agent.

H. Annual Mailing

The Administrative Agent will send a mailing to each of the affordable owners annually. This newsletter will provide the owner with information about how to get in touch with the Administrative Agent if they want to sell their home or refinance their mortgage. It will also remind them of other important Affordable Housing requirements.

The envelope will be marked “do not forward”, and if it is returned by the post office, the Administrative Agent will follow-up with the owner to determine if the owner is no longer living in the home.

I. Report that Owner is Not Living in the Unit and/or Renting Unit

When the Administrative Agent obtains indications that an owner is not living in the unit, the Administrative Agent will investigate the allegation. The Administrative Agent will gather as many details as possible such as how long the owner has not been living in the unit; if anyone else is living there (i.e. renters); and if there is anyone else that will corroborate the allegations.

The Administrative Agent will also contact the Municipal Division of Tax Collection to determine where the tax bills are being sent. If they are sent to a different address than the property address on file with the Administrative Agent, then this is an indication that the owner is leasing the Affordable Unit.

The Administrative Agent will send a letter to the owner asking that it call the Administrative Agent within seven days. If the letter is returned, this will also suggest that the owner is not living in the unit. If the owner receives the letter and calls the Administrative Agent, the Administrative Agent will ask the owner about the allegations and request that they provide proof of residency, including copies of their driver’s license and utility bills. The Administrative Agent may also determine it is necessary to do an address search on the owner.

If it is determined that the owner is not living in the home, the enforcement provisions outlined in *Chapter VIII* will apply.

J. Non-payment of Condominium/Homeowner Association Dues, Taxes, Mortgages, and Foreclosure

When the Administrative Agent receives a report that the owner is falling behind in home owner association dues, taxes, and/or mortgage payments, it will immediately reach out to the owner. The purpose of this outreach is to:

- Educate the owner on the risks of not paying their condominium or homeowner association dues, taxes, and/or mortgage payments;
- Determine whether the owner has experienced a temporary or permanent loss of income;
- Recommend that they contact their condominium/homeowner association and/or mortgage company to see if they can set-up a repayment plan;
- Refer them to foreclosure prevention resources; and

- Advise them of the MRSP of their home if they are interested in selling the home before they become further behind.

The Administrative Agent will track the status of the unit and coordinate closely with the Municipality through its Tax Collection and/or Assessor's Office, as well as its Corporation Counsel, in order to be updated as to any water and sewer fees that are in arrears and any foreclosures on Affordable Units. Additionally, the Administrative Agent will notify the Municipal Corporation Counsel if it becomes aware that the home is in foreclosure or a lien has been placed on the unit by the condominium/homeowner association.

All deed restrictions must clearly specify that the affordability controls remain in effect despite the entry and enforcement of any judgment of foreclosure.

K. Waivers

The Administrative Agent has authority to grant waivers from some of the Affordable Housing rules. The Administrative Agent will complete a waiver request form for each request it receives outlining the details of the request and its decision to approve or deny the request.

1. Request to Rent Affordable Unit

Requests to rent a unit will only be approved on a temporary basis if the owner will be required to leave the area for a temporary period of time, such as military deployment. Each request will be reviewed by the Administrative Agent (as permitted by UHAC) based on the specific circumstances of the request. *Another example of where a request for waiver possibly would be approved is where the owner needs to go to another area to care for a sick relative for a short period (such as three months or less). A request for a waiver in order to move to another city to "try out" a new job for six months most likely would not be a basis for an approval.*

The Administrative Agent will determine the maximum rent based on the initial affordability pricing of the unit, and will select the tenant through Affirmative Marketing and random selection.

Other requests to rent units will be denied. These include requests from owners who would like to rent their home because they are unable to sell the unit for the full MRSP.

2. Request to Sell to a Higher Income Household

After an Affordable Unit has been affirmatively marketed for over 120 days and if there is no interested income-eligible purchaser for the Affordable Unit after 120 days, the owner may request an income waiver, that is, that the Affordable Unit be affirmatively marketed and sold to someone in a higher income level (a very-low-income unit to be sold to a low-income household; a low-income unit to be sold to a moderate-income household; and a moderate-income unit to be sold to a non-income eligible household). The following conditions will apply:

- If granted, this waiver will only apply to this sale, and the original income restriction will remain for future sales.
- Waivers may only be granted for the resale of existing deed restricted homes. In other words, initial sales are not eligible for a waiver to sell the home at a higher income level.

- At no time will the sale price of the home exceed the MRSP which is based on the income level that the unit is controlled for. In other words, granting a waiver will not increase the MRSP and the owner will not receive a higher sale amount as a result of the waiver.
- At least 30 days before any waiver is granted to permit a moderate-income unit to be sold to a non-income eligible household, the Administrative Agent will notify the Fair Share Housing Center in writing. The notification will include a description of the efforts to market and sell the unit to income-eligible households.

The first factor the Administrative Agent will consider in reviewing these requests is how long it takes to sell a similar Affordable Unit in the current housing market. It is not unusual for an Affordable Unit to be offered for sale for six months or more before a qualified buyer is found. The waiver request will not be considered until the Affordable Unit has exceeded the “typical” time period it takes to sell a home under current market conditions.

Next, the Administrative Agent will review the sale price of the Affordable Unit. The inability to sell a unit for the MRSP shall not, in and of itself, be considered an appropriate reason for granting a waiver. The Administrative Agent will review the sale price of recent, comparable affordable homes and determine if the owner should consider lowering the price. The condition of the unit and whether the Seller has consented to show the Affordable Unit to interested applicants will be factored into this analysis.

If the Affordable Unit has been affirmatively marketed for at least 120 days, the unit has been for sale longer than other Affordable Units typically take to sell with the sale price comparable to other sales, the owner has shown the Affordable Unit to interested buyers, and there is no interested income-eligible buyer, the waiver may be approved subject to the conditions listed above.

L. Requests for Improvements

The Administrative Agent will review requests to increase the MRSP of the Affordable Unit on the basis of capital improvements. Eligible capital improvements shall be an increase in the number of bedrooms only.

Owners may make other improvements to their Affordable Units, and they are not required to request approval from the Administrative Agent. This includes improvements such as new countertops or flooring that do not increase the MRSP.

M. Transfer of Ownership to Non-Income Certified Owner

Under the following circumstances, ownership of an Affordable Unit can be transferred to another owner without the new owner being income certified. These circumstances include:

- 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; or

The transfer of ownership through an executor's deed to a Class A beneficiary (father, mother, grandparents, descendants, spouses, and, generally, civil union partners, or domestic partners).

This waiver will only apply to this sale, and the original income restriction will remain for future sales.

N. Enforcement

The guidelines for the enforcement of the affordable rules are outlined in *Chapter VIII*.

VI. Rental Program

The following is an overview of the process of filling a rental vacancy. See *New Rental Units* in *Chapter II* for a discussion of allowable fees and landlord-tenant selection criteria and *Chapter III* for a full discussion of management of the waiting list.

A. Filling Affordable Rental Vacancy

1. Landlord Notifies of Vacancy

Landlords will notify the Administrative Agent when there will be a vacancy. Because of the Affirmative Marketing and income certification requirements, landlords will be advised that it may take up to two months to find a qualified tenant and longer if there is not high demand for a unit.

2. Calculating the Maximum Rent at Vacancy

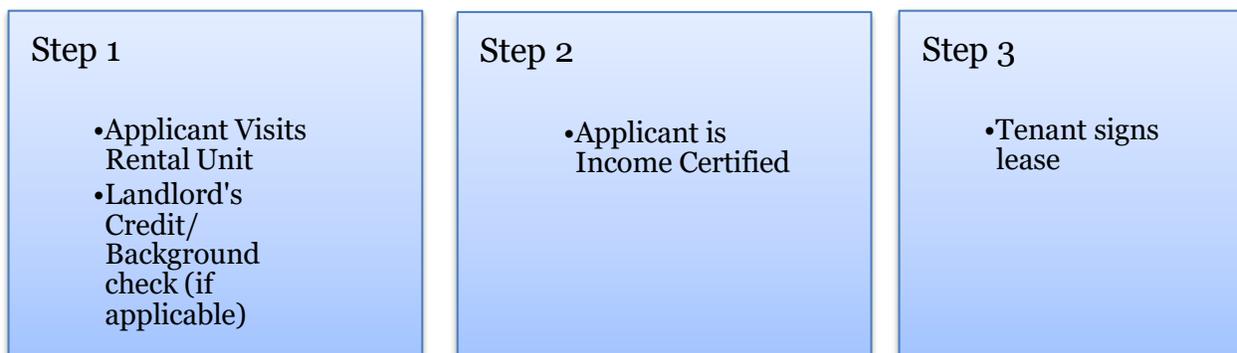
The Administrative Agent will determine the Maximum Rent that can be charged to the new tenant. This will be based on initial rent when the first tenant occupied the unit and the annual increases permitted by the State. See Appendix A for updated maximum annual rent increase. (Annual rental increases will be calculated even if the landlord did not take all permitted annual increases for the previous tenant.) At the landlord's discretion, the landlord can choose to rent the unit for less than the Maximum Rent determined by the Administrative Agent.

3. Referring Applicants to Landlord

The Affirmative Marketing process is outlined in *Chapter III* of this manual. After the next household on the waiting list passes the Administrative Agent's preliminary screen, the applicant is referred to the landlord to see the unit. If the applicant wants to rent the unit, they will complete the landlord's application and pay any required landlord fees. (See *New Rental Units* in *Chapter II* for discussion of fees and landlord-tenant selection criteria.)

If the landlord approves the applicant, the landlord will notify the Administrative Agent and the Administrative Agent will invite the applicant to submit a full application (*Figure 12*).

Figure 12: Rental Income Certification Process



4. Income Certification and Signing the Lease

After the applicant is fully income certified, the landlord will be notified that they may execute a lease with a tenant. *Co-signers* are permitted if allowed by landlord. Applicants who are separated and do not have settlement agreements are permitted to rent an Affordable Unit. However, in order to calculate the household income at the time of the full income certification, the applicant will need to provide a division of assets signed by both parties.

A copy of the executed lease must be sent to Administrative Agent.

B. Lease Renewals

The Administrative Agent will calculate the allowable maximum rent each year (please see Appendix A entitled “Methodology for Calculating Regional Income Limits and Rental Increases”). The Administrative Agent will advise the landlord what the maximum amount of rent is and request the copy of the executed lease for the file. And, unlike some forms of Public Housing, the tenant’s right to tenancy at the allowable rent does not vary with any increases or decreases in the tenant’s income.

If the landlord chooses not to take the annual increase, the landlord may not take a larger increase the following year. *For example, if the landlord does not take the 2017 increase in 2018, they may not take the 2017 and 2018 increase the following year if the current tenant does not move out.*

Month-to-month leases are permitted. Additional fees for month-to-month leases are considered “optional fees.” See discussion of optional fees in *Chapter II*.

Income certification of tenants is NOT required at the time of lease renewal. Upon leasing an Affordable Unit to a new tenant, the landlord will be permitted to lease at the allowable rent level permitted at that time.

C. Adding Additional Household Members to the Lease

The household composition of the rental household may change over time. The Affordable Housing rules do not prohibit the tenant from changing the number of household members on the lease following occupancy. However, all changes to the lease must be approved by the landlord.

However, an applicant cannot change their household composition after they submit the full application or immediately after they are income certified. The household members on the new tenant’s lease must match the household members listed on the income certification. This is to prevent applicants from changing their household composition in order to qualify for an Affordable Unit.

D. Income Designation of Units Are Fixed

The income designation and pricing tier of units are fixed and cannot be changed during the affordability period for any reason.

E. Evictions

If the affordable tenant fails to pay rent or violates the terms of the lease, the landlord may take action as permitted by New Jersey Landlord Tenant laws.

F. Enforcement

The guidelines for the enforcement of the rental rules are outlined in *Chapter VIII*.

VII. Appeals

If an applicant for affordable housing is determined to be ineligible by the Administrative Agent, the applicant may submit additional proof and request reconsideration. Such request for reconsideration shall be made by the applicant within five (5) business days of receipt of notice of denial of ineligibility.

If a policy or decision regarding this program is appealed by an outside party, the Municipal Housing Liaison (a position established by Municipal Ordinance) will attempt to mediate the decision or policy to the satisfaction of all parties. Any situations that the Municipal Housing Liaison is unable to resolve will be forwarded to the Executive Director of the Agency (or its successor) for review or to the Superior Court of New Jersey, Essex County.

VIII. Enforcement

The Municipality's Affordable Housing Ordinance provides specific guidelines in the event of breach of any of the guidelines governing the Affordable Units by an owner, developer, or tenant. Please refer to Municipality's Ordinance for the complete list of enforcement activities upon the occurrence of a breach of any of the regulations governing the affordable unit by an owner, developer or tenant. Some of these remedies may include, but are not limited to:

- Foreclosure;
- Tenant eviction;
- Municipal fines;
- A requirement for household recertification;
- Acceleration of all sums due under a mortgage;
- Recoupment of any funds from a sale in violation of the regulations;
- Injunctive relief to prevent further violation of the regulations; and
- Entry on the premises.

A. Written Notice

In accordance with the Municipality's Affordable Housing Ordinance, the Municipality will provide written notice of a violation to a household, developer or tenant of an Affordable Unit advising them of the violation and the related penalty for the violation. If the violation is not corrected within sixty (60) days after the written notice, the Municipality may take the actions outlined in this Chapter.

B. Penalties

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 Unit. If the owner, developer, or tenant is found by the court to have violated any provision of the regulations governing Affordable Units, the owner, developer, or tenant shall be subject to one or more of the following penalties, at the discretion of the court:

- A fine of not more than \$500 or imprisonment for a period not to exceed 90 days, or both. Each day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not as a continuing offense;
- In the case of an owner who has rented his or her very low, low, or moderate income unit in violation of the regulations governing Affordable Units, payment into the Municipality's Affordable Housing Trust Fund of the gross amount of rent illegally collected; and
- In the case of an owner who has rented his or her very low, low, or moderate income unit in violation of the regulations governing Affordable Units, payment of an innocent tenant's reasonable relocation costs, as determined by the court.

The Municipality may file a court action in the Superior Court seeking a judgment, which would result in the termination of the owner's equity or other interest in the Affordable Unit, in the nature of a mortgage foreclosure. Any 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- and moderate-income unit.

C. Sheriff Sale

Such judgment shall be enforceable, at the option of the Municipality, by means of an execution sale by the Sheriff, at which time the very low, low, or moderate income unit of the violating owner shall be sold at a sale price which is not less than the amount necessary to satisfy and pay off any first purchase money mortgage and prior liens and the costs of the enforcement proceedings incurred by the Municipality fully, including attorneys' fees. The violating owner shall have the right to possession terminated as well as the title conveyed pursuant to the Sheriff's sale.

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 very low, low, or 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 aforesaid, the violating owner shall be personally responsible for and to the 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 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 Affordable Housing Trust as established by 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.

Foreclosure by the municipality due to violation of the regulations governing Affordable Units shall not extinguish the restrictions of the regulations governing Affordable Units as the same apply to the very low, low, or 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 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.

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 very low, low, or 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 MRSP for which the very low, low, or moderate income unit could have been sold under the terms of the regulations governing Affordable Units. This excess shall

be treated in the same manner as the excess which would have been realized from an actual sale as previously described.

Failure of the very low, low, or 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 MRSP of the very low, low, or moderate income unit as permitted by the regulations governing Affordable Units.

The owner shall remain fully obligated, responsible, and liable for complying with the terms and restrictions governing Affordable Units until such time as title is conveyed from the owner.

In the event that any provision in this Manual differs from the terms or penalties identified in the most current Affordable Housing Ordinance, then the Affordable Housing Ordinance (as may be from time to time modified, amended and/or revised by relevant New Jersey State laws and/or regulations) shall prevail. The invalidity or nonenforceability of any provision of this Manual in any respect shall not affect the validity or enforceability of any other provision of this Manual in any other respect.

GLOSSARY

“**Administrative Agent**” means the entity responsible for the administration of Affordable Units in accordance with the Municipality’s Affordable Housing Ordinance and as defined and with the responsibilities specified at N.J.A.C. 5:96, N.J.A.C. 5:97 and N.J.A.C. 5:80-26.1 et seq., as may be amended and supplemented.

“**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.

“**Affordable**” means a sales price or rent within the means of a very low, low- or moderate-income household as defined in N.J.A.C. 5:97-9; 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**” means housing units restricted to income-eligible very-low, low and moderate income households.”

“**Affordable Housing Development**” means a development included in the Housing Element and Fair Share Plan, and includes but is not limited to, an inclusionary development, a municipal construction project or a one-hundred-percent Affordable Housing development.

“**Affordable Housing Unit**” for the purposes of this manual means a housing unit proposed or created pursuant to the Fair Housing Act, for which credits are obtained pursuant to COAH regulations, and/or funded through an affordable housing trust fund.

“**Affordability Average**” means the average percentage of median income at which new restricted units in an Affordable Housing development are affordable to very low, low- and moderate-income households.

“**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.

“**Application**” means both the Preliminary Application and the Full Application submitted by an interested renter or potential homeowner for Affordable Units in the Municipality.

- “**Preliminary Application**” means the initial application submitted by all households that wish to express their interest in and be considered for Affordable Housing. This

Preliminary Application includes information about household income and composition in order to determine preliminary eligibility.

- **“Full Application”** means once an Affordable Unit appropriate for the Household (either to rent or buy) has been identified and the Household is nearing or next on the waiting list, the Household will be asked to submit a full application which requires that the income and household composition be updated and verified. The Administrative Agent will make a determination of the Household’s eligibility.

“Certified Household” means a Household that has been certified by an Administrative Agent as A Very Low, Low-Income or Moderate-Income Household.

“Closing Disclosure Form” means the form which in October 2015 replaced the commonly used HUD-1 Settlement Statement for residential real estate closings. The Closing Disclosure Form provides details about the mortgage loan selected by the buyer which includes the loan terms, projected monthly payments, and how much the buyer will pay in fees and other costs to obtain the mortgage (“closing costs”).

The lender is required to provide the Closing Disclosure Form to the buyer at least three business days before the closing on the mortgage loan. The Administrative Agent will review the Closing Disclosure Form to confirm that the sale price does not exceed the MRSP and that the buyer is not receiving cash back at closing.

“COAH” means the Council on Affordable Housing, or successor agency, which is in, but not of the Department of Community Affairs of the State of New Jersey, that was established under the New Jersey Fair Housing Act “to have primary jurisdiction for the administration of housing obligations in accordance with sound regional planning considerations in this State” N.J.S.A. 52:27D-304 (a).

“Contract for Sale” means a legally binding agreement between a buyer and seller for the sale or transfer of real estate. See also, **“Purchase Agreement”**.

“CTM” means the online COAH Tracking and Monitoring system to which new units are added after initial sale or initial rental.

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

“Developer” means any person, partnership, association, company or corporation that is the legal or beneficial owner or owners of a lot or any land proposed to be 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.

“Eligibility Period” means once the Full Application for an Affordable Unit has been submitted with the applicant certifying that all information is complete and true, the applicant enters the Eligibility Period. During this one to two-week time frame, as the Household’s eligibility is being reviewed, the applicant is not permitted to change the employment status of any Household member in order to become eligible for Affordable Housing nor change the Household composition from what is listed on the Full Application. *For example, the applicant cannot add a member to their Household, subtract a member, quit a job, or get a new job, or a raise during the Eligibility Period.* If the applicant does make changes during this Eligibility Period, the Household will be determined ineligible and lose their position on the waiting list. However, the applicant may reapply with their new income and/or Household composition and will be assigned a new position on the waiting list.

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

“Full Application” (see **“Application”**).

“Housing Authority” means the Public Housing Agency which manages and operates publicly assisted units in the Municipality.

“Affordable Housing Ordinance” means that chapter or section of the municipal ordinance (the rules, regulations and codes enacted by a local government) addressing local affordable housing programs and procedures, as may be amended and supplemented.

“HOME Program” means the HUD funded HOME Investment Partnerships Program that provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating Affordable Housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create Affordable Housing for Low-Income Households.

“Household” means, in accordance with HUD definitions and UHAC practice, the number of persons in the Affordable unit and not the size of the Affordable unit. See for example, HUD’s definition of household as “[o]ne or more persons occupying a housing unit” -- in other words, the number of persons in the home. HUD website accessed 6/13/2016.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary/ See also UHAC regulation N.J.A.C. 5:80-26.4, “In determining the initial rents and initial sales prices for compliance with the affordability average requirements for restricted units ... the following standards shall be used: 1. A studio shall be affordable to a one-person household.”

“Housing Region” means a geographic area, determined by COAH, of no less than two and no more than four contiguous, whole counties, which exhibits significant social, economic, and income similarities and which constitutes, to the greatest extent practicable, a Primary Metropolitan Statistical Area (PMSA), as last defined by the United States Census Bureau.

“**HUD**” means the US Department of Housing and Urban Development. “**Interest Date**” means the date on which a Household submits its Preliminary Application thereby establishing its place on the priority list for consideration of Affordable Units.

“**LAD**” means the New Jersey Law Against Discrimination, N.J.S.A. 10:5-1 et seq., prohibits, among other discriminatory actions, discrimination when selling or renting property.

“**Low-income Household**” means a household with a total gross annual household income equal to 50 percent or less of the median household income for the housing region.

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

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

“**Maximum Restricted Sales Price**” or “**MSRP**” means the maximum sales price of restricted ownership units within each affordable development upon resale of the Affordable Unit in accordance with N.J.A.C. 5:80-26.3(e) which states that such units “shall be affordable to households earning no more than 70 percent of median income. Each affordable development must achieve an affordability average of 55 percent for restricted ownership units. See Glossary for definition of “**Affordability Average.**” In achieving this Affordability Average, moderate-income ownership units must be available for at least three different prices for each bedroom type, and low-income ownership units must be available for at least two different prices for each bedroom type.” *For example, a two-bedroom moderate income unit originally sold for \$90,000 and another exactly similar unit originally sold for \$115,000. There always will be a disparate MSRP for resales of these two units. Both moderate income units are priced differently to reach different income levels of moderate income households.*

“**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 median household income for the housing region.

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

“**Municipal Housing Liaison**” means a position established by ordinance of the Municipality where the individual as a part time or full time employee of the Municipality is responsible for the oversight and administration of the Affordable Housing program for the Municipality

“**PHA**” means Public Housing Authority. See below for definition.

“**PMI**” means private mortgage insurance. PMI is a type of mortgage insurance used with conventional loans. Like other kinds of mortgage insurance, PMI protects the lender (not the homebuyer) if the homebuyer stops making payments on the loan. PMI is arranged by the

lender and provided by private insurance companies. PMI is usually required when the homebuyer has a conventional loan and makes a down payment of less than 20 percent of the home's purchase price. PMI also is usually required when a homeowner is refinancing with a conventional loan and the owner's equity is less than 20 percent of the value of the home. <http://www.consumerfinance.gov/>, US Consumer Financial Protection Bureau, accessed August 10, 2016.

“Preliminary Application” (see **“Application”**).

“Public Housing” “Public Housing Authority” means those public housing units which are funded largely by governmental programs such as those administered by HUD programs which are owned, operated and managed by a public housing authority (**“PHA”**). As defined by HUD, “public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high rise apartments for elderly families. There are approximately 1.2 million households [in the US] living in public housing units [.]” http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph, HUD Website, accessed June 7, 2016.

“Purchase Agreement” means a not legally binding, “internal” generated document between a buyer and seller of residential real estate to establish and ensure that the Affordable Unit will be affordable to the buyer. It stipulates such terms as the Maximum Restricted Sale Price (or Maximum Permitted Resale Price) of the unit, the agreed upon purchase price, the amount of good faith deposit, and the items to be included in the sale price of the unit. (See “Contract of Sale”).

“Random selection process” means a process by which currently income-eligible households are selected for placement in Affordable 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).

“Redevelopment Plan” means a plan adopted by the Municipality for the redevelopment or rehabilitation of all or any part of a redevelopment area, or area in need of rehabilitation, pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq.

“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.

If a Household (seeking to be certified for an Affordable Unit) owns a primary residence (with no mortgage on the property) valued at or above the regional asset limit as published annually by COAH, a Certificate of Eligibility will be denied unless the Applicant's existing monthly housing costs (including principal, interest, taxes homeowner and private mortgage insurance, and condominium and homeowner association fees as applicable) exceed 38 percent of the household's eligible monthly income. N.J.A.C. 5:80-26.16(b)(3).

“Regional Preference” means that in accordance with UHAC, municipalities may wish to give preference to applicant households that live or work in their COAH housing region. If so, the municipality must state this preference as part of its affordable housing ordinance. This preference cannot be limited to families that live or work in the host municipality – if preference is given, it must be given to all households that live or work in their COAH housing region. COAH divides New Jersey’s 21 counties into six housing regions as outlined on COAH’s Annual Regional Income Limits Chart.

“Rent” means the gross monthly cost of a rental unit to the tenant, including the rent paid to the landlord, 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 the Urban Homeownership Recovery Program (“UHORP”) or the Market Oriented Neighborhood Investment program (“MONI”) of the Agency.

“UHAC” means the Uniform Housing Affordability Controls adopted by the State of New Jersey and set forth in N.J.A.C. 5:80-26.1, *et seq.*

“Very Low-Income Household” means a household with a total gross annual household income equal to 30 percent or less of the median household income for the applicable housing region.

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

“Veterans Preference” means the municipality and Developer or residential development owner may enter into an agreement to provide a preference for affordable housing to very low, low and moderate income veterans who served in time of war or other emergency, as defined in section 1 of P.L.1963, c. 171 (C.54:4-8.10), of up to 50 percent of the affordable units in that particular project. This provision is in accordance with N.J.S.A. 52:27D-311 (j). This preference shall be established in the applicant selection process for available affordable units so that applicants who are veterans who served in time of war or other emergency, as referenced in this subsection, and who apply within 90 days of the initial marketing period shall receive preference for the rental of the agreed-upon percentage of affordable units. After the first 90 days of the initial 120-day marketing period, if any of those units subject to the preference remain available, then applicants from the general public shall be considered for occupancy. After the 120 –day marketing period, veterans will continue to get preference over non-veterans, as the units become available, whenever the percentage of preference-occupied units falls below the agreed upon percentage.

Appendix A: Annual Information Update

The following information is subject to change annually:

- Regional Maximum Income Limits
- Regional Asset Limits
- Annual Maximum Restricted Sale Price Increase
- Annual Maximum Rental Increase Amount

In order to keep this manual current, Appendix A will be revised annually with updated numbers upon their general availability. See next page for the most recent information.

Annual Information Update
Last Revised April 28, 2022

Region 2 Maximum Income Limits
Essex, Morris, Union and Warren

Household Size	Very-Low Income	Low Income	Moderate Income	Median Income
1 Person	\$24,190	\$40,317	\$64,507	\$80,634
1.5 Person*	\$25,918	\$43,197	\$69,115	\$86,394
2 Person	\$27,646	\$46,077	\$73,723	\$92,154
3 Person*	\$31,102	\$51,836	\$82,938	\$103,673
4 Person	\$34,558	\$57,596	\$92,154	\$115,192
4.5 Person*	\$35,940	\$59,900	\$95,840	\$119,800
5 Person	\$37,322	\$62,204	\$99,526	\$124,407
6 Person	\$40,087	\$66,811	\$106,898	\$133,623
7 Person	\$42,851	\$71,419	\$114,270	\$142,838
8+ Person	\$45,616	\$76,027	\$121,643	\$152,053

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

Region 2 Regional Asset Limit: \$220,995

Region 2 Maximum Restricted Sale Price Increase: 7.04%

Region 2 Maximum Rental Increase: 2.90%

Methodology for Calculating Regional Income Limits and Rental Increase:

Income limits for all units that are part of the municipality's Housing Element and Fair Share Plan and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the municipality annually within 30 days of the publication of determinations of median income by HUD as follows:

- a. Regional income limits shall be established for the region that the municipality is located within, based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the municipality's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.
- b. The income limits attached hereto as Exhibit B are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for the current year and shall be utilized until the municipality updates the income limits after HUD has published revised determinations of median income for the next fiscal year.
- c. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Municipality annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.

In establishing sale prices and rents of affordable housing units, the administrative agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

- a. The resale prices 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 determined pursuant to the process outlined above. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.
- b. The rent levels of very-low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. 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.

APPENDIX

8

AFFIRMATIVE MARKETING PLAN

**TOWNSHIP OF VERONA
COUNTY OF ESSEX, STATE OF NEW JERSEY**

RESOLUTION No. 2023-___

A motion was made by _____ ; seconded by _____ that the following resolution be adopted:

**ADOPTING AN "AFFIRMATIVE MARKETING PLAN" FOR THE
TOWNSHIP OF VERONA**

WHEREAS, in accordance with applicable Council on Affordable Housing ("COAH") regulations, the New Jersey Uniform Housing Affordability Controls ("UHAC")(N.J.A.C. 5:80-26., et seq.), and the terms of a Settlement Agreement between the Township of Verona and Fair Share Housing Center ("FSHC"), which was entered into as part of the Township's Declaratory Judgment action entitled In the Matter of the Application of the Township of Verona, County of Essex, Docket No. ESX-L-2778-18, which was filed in response to Supreme Court decision In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015)("Mount Laurel IV"), the Township of Verona is required to adopt an Affirmative Marketing Plan to ensure that all affordable housing units created are affirmatively marketed to low and moderate income households, particularly those living and/or working within Housing Region 2, the COAH Housing Region encompassing the Township of Verona.

NOW, THEREFORE, BE IT RESOLVED, that Township Council of the Township of Verona, County of Essex, State of New Jersey, do hereby adopt the Affirmative Marketing Plan described below and the grid-form Plan attached to this resolution.

Affirmative Marketing Plan

- A. 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 which are being marketed by a developer or sponsor of affordable housing. The Affirmative Marketing Plan is also intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs all marketing activities toward the COAH Housing Region in which the municipality is located and covers the entire period of the deed restriction for each restricted housing unit. The Township of Verona is located in COAH Housing Region 2, consisting of Essex, Morris, Union, and Warren Counties.
- B. The Township of Verona has a plan to address both its Prior Round Obligation (1987-1999) and its Third Round Obligation (1999-2025). This Affirmative Marketing Plan shall apply to all developments that contain or will contain very low, low and moderate income units, including those that are part of the Township's Housing Element and Fair Share Plan, and those that may be constructed in future developments not yet anticipated by the Housing Element and Fair Share Plan.
- C. The Affirmative Marketing Plan shall be implemented by the Administrative Agent under contract to the Township of Verona, or the Administrative Agent of any specific developer approved by the Township.
- D. All of the costs of advertising and affirmatively marketing affordable housing units shall be borne by the developers/sellers/owners of affordable unit(s), and all such advertising and affirmative marketing shall be subject to approval and oversight by the designated Township Administrative Agent.
- E. The implementation of the Affirmative Marketing Plan for a development that includes affordable housing shall commence at least 120 days before the issuance of either a temporary or permanent certificate of occupancy. The implementation of the Affirmative Marketing Plan shall continue until all very low, low and moderate income housing units are initially occupied and for as long as the affordable units remain deed restricted such that qualifying new tenants and/or purchasers continues to be necessary.

- F. The Affirmative Marketing Plan is a continuing program that shall be followed throughout the entire period of affordability restrictions. In implementing the Affirmative Marketing Plan, the Administrative Agent, whether acting on behalf of the Township of Verona or on behalf of a specific developer, shall meet the following requirements and shall undertake, at the minimum, all of the following strategies:
1. The primary marketing shall take the form of at least one press release and a paid display advertisement in the below newspapers the first week of the marketing program and each month thereafter until all units are leased or sold. Additional advertising and publicity shall be on an "as needed" basis. The developer/owner shall disseminate all public service announcements and pay for display advertisements. The developer/owner shall provide proof of all publications to the Administrative Agent. All press releases and advertisements shall be approved in advance by the Administrative Agent.
 2. The advertisement shall, at a minimum, include a description of the:
 - a. Location of the units;
 - b. Directions to the units;
 - c. Range of prices for the units;
 - d. Size, as measured in bedrooms, of units;
 - e. Maximum income permitted to qualify for the units;
 - f. Location of applications;
 - g. Business hours when interested households may obtain an application;
 - h. Application fees.
 3. All newspaper articles, announcements, and requests for applications for very low, low- and moderate-income units shall appear in the newspapers of publication identified in the grid-form Affirmative Marketing Plan attached to this resolution.
 4. Publication of the advertisement or application on the New Jersey Housing Resource Center's website (www.njhrc.gov).
 5. One or more of the regional cable television stations or regional radio stations shall be used. The developer must provide satisfactory proof of public dissemination on at least one station that covers entire region.
 6. Applications, brochure(s), sign(s) and/or poster(s) used as part of the affirmative marketing program shall provide for posting locations listed on the grid-form Affirmative Marketing Plan attached to this resolution.
 7. The Township's Administrative Agent, or the Administrative Agent of a specific developer, shall comply with all requirements set forth in *N.J.S.A. 52:27D-321.3 et seq.* with regard to the affirmative marketing of affordable housing units.
- G. Applications shall be mailed by the Township's Administrative Agent and Municipal Housing Liaison, or by the Administrative Agent of any specific developer, to prospective applicants upon request. Also, applications shall be available at the developer's sales/rental office and application forms shall be mailed to the organizations listed on the grid-form Affirmative Marketing Plan attached to this resolution.
- H. The Township's Administrative Agent shall develop, maintain and update a list of community contact person(s) and/or organizations(s) in Essex, Morris, Union, and Warren Counties that will aid in the affirmative marketing program with particular emphasis on contacts that will reach out to groups that are least likely to apply for housing within the region, including major regional employers.
- I. The Township's Administrative Agent shall develop, maintain and update a list of major employers in Essex, Morris, Union, and Warren Counties that will aid in the affirmative marketing program.

- J. A random selection method to select occupants of very low, low- and moderate-income housing will be used by the Township’s Administrative Agent, or the Administrative Agent of any specific developer, in conformance with N.J.A.C. 5:80-26.16 (l). This Affirmative Marketing Plan provides a regional preference for very low, low and moderate income households that live and/or work in COAH Housing Region 2, which is comprised of Essex, Morris, Union, and Warren Counties. Pursuant to the New Jersey Fair Housing Act (C.52:27D-311), a preference for very low, low and moderate income veterans duly qualified under N.J.A.C. 54:4-8.10 may also be exercised, provided an agreement to this effect has been executed between the developer or landlord and the Township prior to the affirmative marketing of the units.
- K. The Township’s Administrative Agent, or the Administrative Agent of any specific developer, shall administer the Affirmative Marketing Plan. The Administrative Agent has the responsibility to income qualify very low, low and moderate income households; to place income eligible households in very low, low and moderate income units upon initial occupancy; to provide for the initial occupancy of very low, low and moderate income units with income qualified households; to continue to qualify households for re-occupancy of units as they become vacant during the period of affordability controls; to assist with outreach to very low, low and moderate income households; and to enforce the terms of the deed restriction and mortgage loan as per N.J.A.C. 5:80-26-1, et seq.
- L. The Township’s Administrative Agent, or the Administrative Agent of any specific developer, shall provide or direct qualified very low, low and moderate income applicants to counseling services on subjects such as budgeting, credit issues, mortgage qualifications, rental lease requirements and landlord/tenant law and shall develop, maintain and update a list of entities and lenders willing and able to perform such services.
- M. All developers/owners of very low, low and moderate income housing units shall be required to undertake and pay the costs of the marketing of the affordable units in their respective developments, subject to the direction and supervision of the Township’s Administrative Agent.
- N. The Township’s Administrative Agent shall provide the Affordable Housing Liaison with the information required to comply with monitoring and reporting requirements pursuant to N.J.A.C. 5:80-26-1, et seq.

BE IT FURTHER RESOLVED that the appropriate Township officials and professionals are authorized to take all actions required to implement the terms of this Resolution and the attached grid-form Affirmative Marketing Plan.

BE IT FURTHER RESOLVED that this Resolution shall take effect pursuant to law.

ROLL CALL:

AYES:

NAYS:

ABSENT:

ABSTAIN:

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF A RESOLUTION ADOPTED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF VERONA AT THE REGULAR MEETING HELD ON XXX, 2023.

**JENNIFER KIERNAN
MUNICIPAL CLERK**

Township of Verona

Affirmative Marketing Plan

March 2023

TKLD Consulting LLC
Tkldconsuting@gmail.com

AFFIRMATIVE FAIR HOUSING MARKETING PLAN
For Affordable Housing in **(REGION 2)**

I. APPLICANT AND PROJECT INFORMATION

(Complete Section I individually for all developments or programs within the municipality.)

1 Sunset Ave

1a. Administrative Agent Name, Address, Phone Number TKLD Consulting LLC 162 Middlesex Ave Paramus, NJ 07652 917-675-9057		1b. Development or Program Name, Address 1 Sunset Ave Verona, NJ Spectrum 360 Project	
1c. Number of Affordable Units: 15 Number of Rental Units: 15 Number of For-Sale Units:	1d. Price or Rental Range From TBD To TBD	1e. State and Federal Funding Sources (if any)	
1f. <input type="checkbox"/> Age Restricted <input checked="" type="checkbox"/> Non-Age Restricted	1g. Approximate Starting Dates Advertising: During Construction Occupancy: Following Completion		
1h. County Essex, Morris, Union, Warren		1i. Census Tract(s): 0212.00 Block 303, Lot 4	
1j. Managing/Sales Agent's Name, Address, Phone Number TBD			
1k. Application Fees (if any): TBD			

2 PIRHL/Cameco

2a. Administrative Agent Name, Address, Phone Number TKLD Consulting LLC 162 Middlesex Ave Paramus, NJ 07652 917-675-9057		2b. Development or Program Name, Address PIRHL/Cameco	
2c. Number of Affordable Units: 95 Number of Rental Units: 95 Number of For-Sale Units:	2d. Price or Rental Range From TBD To TBD	2e. State and Federal Funding Sources (if any)	
2f. <input type="checkbox"/> Age Restricted <input checked="" type="checkbox"/> Non-Age Restricted	2g. Approximate Starting Dates Advertising: During Construction Occupancy: Following Completion		
2h. County		2i. Census Tract(s): 0210.00	

Essex, Morris, Union, Warren	Block 2301 Lots 11, 12, 14-19
2j. Managing/Sales Agent's Name, Address, Phone Number TBD	
2k. Application Fees (if any): TBD	

I. APPLICANT AND PROJECT INFORMATION

(Complete Section I individually for all developments or programs within the municipality.)

3 Hillwood Senior Housing

3a. Administrative Agent Name, Address, Phone Number NJ Housing and Mortgage Finance Agency 637 S Clinton Ave PO Box 18550 Trenton, NJ 08750		3b. Development or Program Name, Address Hillwood Senior Housing 100 Hillwood Terrace Verona, NJ	
3c. Number of Affordable Units: 159 Number of Rental Units: 159 Number of For-Sale Units:	3d. Price or Rental Range From \$1600 To \$1,850	3e. State and Federal Funding Sources (if any) Section 8	
3f. <input checked="" type="checkbox"/> Age Restricted <input type="checkbox"/> Non-Age Restricted	3g. Approximate Starting Dates Advertising: Occupied Occupancy: Occupied		
3h. County Essex, Morris, Union, Warren		3i. Census Tract(s): Block 128, Lot 23	
3j. Managing/Sales Agent's Name, Address, Phone Number Francis A. Thomas Senior Director, Property Management, NJHMFA			
3k. Application Fees (if any):			

(Sections II through IV should be consistent for all affordable housing developments and programs within the municipality. Sections that differ must be described in the approved contract between the municipality and the administrative agent and in the approved Operating Manual.)

II. RANDOM SELECTION

2. Describe the random selection process that will be used once applications are received.

- A. An initial deadline date, no less than 60 days after the start of the marketing process, will be established. All of the preliminary applications received by the Administrative Agent, on or before the initial deadline date, shall be deemed received on that date.
- B. Households that apply for very low-income housing will be prescreened by the Administrative Agent for preliminary income eligibility by comparing their total income and household size to the very low- income limits pursuant to the New Jersey Fair Housing Act, N.J.S.A. 52:27-D-304 (“NJFHA”). Households that apply for low and moderate-income housing will be prescreened by the Administrative Agent for preliminary income eligibility by comparing their total income and household size to the low and moderate-income limits pursuant to the Uniform Housing Affordability Controls, 5:80-26.1 et seq. (“UHAC”). All households will be notified as to their preliminary status.
- C. A drawing will be held under the direction of the Administrative Agent to determine the priority order of the pre-qualified applications received on or before the initial deadline date. All preliminary applications received after the initial deadline, will be processed on a “first come, first served” basis.
- D. In order to ensure an adequate supply of qualified applicants, the advertising phase will continue until there are at least 10 pre-qualified applicants for each low and moderate-income unit available, or until all of the low and moderate-income units the development have been rented.
- E. Final applications will be mailed by the Administrative Agent to an adequate number of pre-qualified applicants, in priority order, for each available very low, low and moderate-income unit. The final application will require the applicants to supply documents to verify their identity and household composition as well as their income and assets.
- F. Completed final applications will be forwarded to the Administrative Agent. The Administrative Agent will make a determination as to their eligibility for a low or moderate-income unit. Applicants will receive a letter from the Administrative Agent with respect to the status of their application each time a review is performed.
- H. Subsequent to the initial rent-up period, a list of pre-qualified applicants will be maintained by the Administrative Agent for each type of very low, low and moderate-income unit.

III. MARKETING

3a. Direction of Marketing Activity: Based on demographic data from the 2020 census, this table provides a comparison of race and ethnic origin between the Housing region 2 and Verona Township. The most significant negative differences point to the greatest need for affirmative marketing. In this case, African Americans (-20.80%) and Hispanic (16.3%) represent the clearest differences between the municipality and the region.

Subject	RACE							HISPANIC OR LATINO	
	Total population	Race alone or in combination with one or more other races: [4]						Total population	
		White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific	Some Other Race	Hispanic or Latino (of any race)	Not Hispanic or Latino
Essex	863,728	261,487	335,047	4,604	47,598	375	124,085	210,353	235,125
Morris	509,285	354,824	16,669	1,632	58,034	127	31,260	76,661	341,175
Union	575,345	236,589	117,306	4,022	32,434	200	105,583	195,519	211,245
Warren	109,634	86,875	5,899	217	2,934	35	4,554	12,225	84,255
Region 2	2,057,990	939,775	474,921	10,475	140,993	740	265,482	494,758	871,800
% Region 2	100%	45.70%	23.10%	.50%	11.4%	6.90%	0.04%	24.04%	42.36%
Verona	14,572	11,893	339	18	704	2	379	11,591	1,431
% Verona	100%	81.60%	2.30%	0.10%	4.80%	0.01%	2.60%	79.54%	9.82%
Difference	0	36.00%	20.80%	0.3%	8.7%	0.0%	3.9%	16.3%	83.7%

[4] In combination with one or more of the other races listed. The six numbers may add to more than the total population

- White (non-Hispanic)
 Black (non-Hispanic)
 Hispanic
 American Indian or Alaskan Native
 Asian or Pacific Islander
 Other group:

3b. HOUSING RESOURCE CENTER (www.njhousing.gov) A free, online listing of affordable housing

3c. Commercial Media (required) (Check all that applies)

<input checked="" type="checkbox"/>	ON-GOING	WWW.NJHRC.ORG	ENTIRE STATE
<input checked="" type="checkbox"/>	ON-GOING	VERONANJ.ORG	TOWNSHIP OF VERONA
TARGETS ENTIRE HOUSING REGION 2			
Daily Newspaper			
<input checked="" type="checkbox"/>	Once at the start of the Affirmative Marketing process with additional monthly as needed	Star-Ledger	Northern and Central New Jersey
TARGETS PARTIAL HOUSING REGION 2			
	DURATION & FREQUENCY OF OUTREACH	NAMES OF REGIONAL NEWSPAPER(S)	CIRCULATION AREA
<input checked="" type="checkbox"/>	Once at the start of the Affirmative Marketing	Daily Record	Morris

	process with additional monthly as needed		
X	Once at the start of the Affirmative Marketing process with additional monthly as needed	Express Times	Warren
Weekly Newspaper			
<input type="checkbox"/>		Belleville Post	Essex
<input type="checkbox"/>		Belleville Times	Essex
X	Once at the start of the Affirmative Marketing process with additional monthly as needed	Essex Chronical	Essex
<input type="checkbox"/>		East Orange Record	Essex
<input type="checkbox"/>		Glen Ridge Paper	Essex
<input type="checkbox"/>		Glen Ridge Voice	Essex
<input type="checkbox"/>		Independent Press	Essex
<input type="checkbox"/>		Irvington Herald	Essex
<input type="checkbox"/>		Item of Millburn and Short Hills	Essex
<input type="checkbox"/>		Montclair Times	Essex
<input type="checkbox"/>		News-Record	Essex
<input type="checkbox"/>		Nutley Journal	Essex
<input type="checkbox"/>		Nutley Sun	Essex
<input type="checkbox"/>		Observer	Essex
<input type="checkbox"/>		Orange Transcript	Essex
<input type="checkbox"/>		Progress	Essex
<input type="checkbox"/>		Vailsburg Leader	Essex
<input type="checkbox"/>		Verona-Cedar Grove Times	Essex
<input type="checkbox"/>		West Essex Tribune	Essex
<input type="checkbox"/>		West Orange Chronicle	Essex
<input type="checkbox"/>		Atom Tabloid & Citizen Gazette	Middlesex, Union
<input type="checkbox"/>		Chatham Courier	Morris
<input type="checkbox"/>		Chatham Independent Press	Morris
<input type="checkbox"/>		Citizen of Morris County	Morris
<input type="checkbox"/>		Florham Park Eagle	Morris
<input type="checkbox"/>		Hanover Eagle	Morris

<input type="checkbox"/>		Madison Eagle	Morris
<input type="checkbox"/>		Morris News Bee	Morris
<input type="checkbox"/>		Mt. Olive Chronicle	Morris
<input type="checkbox"/>		Neighbor News	Morris
<input type="checkbox"/>		Randolph Reporter	Morris
<input type="checkbox"/>		Roxbury Register	Morris
<input type="checkbox"/>		Parsippany Life	Morris
<input type="checkbox"/>		Clark Patriot	Union
<input type="checkbox"/>		Cranford Chronicle	Union
<input type="checkbox"/>		Echo Leader	Union
<input type="checkbox"/>		Elizabeth Reporter	Union
<input type="checkbox"/>		Hillside Leader	Union
<input type="checkbox"/>		Leader of Kenilworth & Roselle Park	Union
<input type="checkbox"/>		Madison Independent Press, The	Union
<input type="checkbox"/>		Millburn and Short Hills Independent Press	Union
<input type="checkbox"/>		News Record	Union
<input type="checkbox"/>		Record-Press	Union
<input type="checkbox"/>		Scotch Plains Times (Fanwood Times)	Union
<input type="checkbox"/>		Spectator Leader	Union
<input checked="" type="checkbox"/>		Union Leader	Union
<input type="checkbox"/>		Warren Reporter	Warren

	DURATION & FREQUENCY OF OUTREACH	NAMES OF REGIONAL TV STATION(S)	CIRCULATION AREA AND/OR RACIAL/ETHNIC IDENTIFICATION OF READERS/AUDIENCE
TARGETS ENTIRE HOUSING REGION 2			
<input type="checkbox"/>		2 WCBS-TV Cbs Broadcasting Inc.	
<input type="checkbox"/>		3 KYW-TV Cbs Broadcasting Inc.	
<input type="checkbox"/>		4 WNBC NBC Telemundo License Co. (General Electric)	
<input type="checkbox"/>		5 WNYW Fox Television Stations, Inc. (News Corp.)	
<input type="checkbox"/>		7 WABC-TV American Broadcasting	

		Companies, Inc (Walt Disney)	
<input type="checkbox"/>		9 WWOR-TV Fox Television Stations, Inc. (News Corp.)	
<input type="checkbox"/>		11 WPIX Wpix, Inc. (Tribune)	
<input type="checkbox"/>		13 WNET Educational Broadcasting Corporation	
<input type="checkbox"/>		25 WNYE-TV New York City Dept. Of Info Technology & Telecommunications	
<input type="checkbox"/>		31 WPXN-TV Paxson Communications License Company, Llc	
<input type="checkbox"/>		41 WXTV Wxtv License Partnership, G.p. (Univision Communications Inc.)	
<input type="checkbox"/>		47 WNJU NBC Telemundo License Co. (General Electric)	
<input type="checkbox"/>		50 WNJN New Jersey Public Broadcasting Authority	
<input type="checkbox"/>		52 WNJT New Jersey Public Broadcasting Authority	
<input type="checkbox"/>		54 WTBY-TV Trinity Broadcasting Of New York, Inc.	
<input type="checkbox"/>		58 WNJB New Jersey Public Broadcasting Authority	
<input type="checkbox"/>		62 WRNN-TV Wrnn License Company, Llc	
<input type="checkbox"/>		63 WMBC-TV Mountain Broadcating Corporation	
<input type="checkbox"/>		68 WFUT-TV Univision New York Llc	Spanish
TARGETS PARTIAL HOUSING REGION 2			
<input type="checkbox"/>		42 WKOB-LP Nave Communications, Llc	Essex
<input type="checkbox"/>		22 WMBQ-CA Renard Communications Corp.	Essex, Morris, Union
<input type="checkbox"/>		66 WFME-TV Family Stations Of New Jersey, Inc.	Essex, Morris, Union
<input type="checkbox"/>		21 WLIW Educational Broadcasting Corporation	Essex, Union
<input type="checkbox"/>		60 W60AI Ventana Television, Inc	Essex, Union
<input type="checkbox"/>		36 W36AZ New Jersey Public Broadcasting Authority	Morris
<input type="checkbox"/>		6 WPVI-TV American Broadcasting Companies, Inc (Walt Disney)	Morris, Union, Warren

<input type="checkbox"/>		65 WUVP-TV Univision Communications, Inc.	Morris, Union, Warren
<input type="checkbox"/>		23 W23AZ Centenary College	Morris, Warren
<input type="checkbox"/>		28 WBRE-TV Nexstar Broadcasting, Inc.	Morris, Warren
<input type="checkbox"/>		35 WYBE Independence Public Media Of Philadelphia, Inc.	Morris, Warren
<input type="checkbox"/>		39 WLVT-TV Lehigh Valley Public Telecommunications Corp.	Morris, Warren
<input type="checkbox"/>		44 WVIA-TV Ne Pa Ed Tv Association	Morris, Warren
<input type="checkbox"/>		56 WOLF-TV Wolf License Corp	Morris, Warren
<input type="checkbox"/>		60 WBPB-TV Sonshine Family Television Corp	Morris, Warren
<input type="checkbox"/>		69 WFMZ-TV Maranatha Broadcasting Company, Inc.	Morris, Warren
<input type="checkbox"/>		10 WCAU NBC Telemundo License Co. (General Electric)	Warren
<input type="checkbox"/>		16 WNEP-TV New York Times Co.	Warren
<input type="checkbox"/>		17 WPHL-TV Tribune Company	Warren
<input type="checkbox"/>		22 WYOU Nexstar Broadcasting, Inc.	Warren
<input type="checkbox"/>		29 WTXF-TV Fox Television Stations, Inc. (News Corp.)	Warren
<input type="checkbox"/>		38 WSWB Mystic Television of Scranton Llc	Warren
<input type="checkbox"/>		48 WGTW-TV Trinity Broadcasting Network	Warren
<input type="checkbox"/>		49 W49BE New Jersey Public Broadcasting Authority	Warren
<input type="checkbox"/>		55 W55BS New Jersey Public Broadcasting Authority	Warren
<input type="checkbox"/>		57 WPSG Cbs Broadcasting Inc.	Warren
<input type="checkbox"/>		61 WPPX Paxson Communications License Company, Llc	Warren

	DURATION & FREQUENCY OF OUTREACH	NAMES OF CABLE PROVIDER(S)	BROADCAST AREA
TARGETS PARTIAL HOUSING REGION 2			
<input type="checkbox"/>		Cablevision of Newark	Partial Essex
<input type="checkbox"/>		Comcast of NJ (Union System)	Partial Essex, Union
<input type="checkbox"/>		Cablevision of Oakland	Partial Essex, Morris

<input type="checkbox"/>		Cable Vision of Morris	Partial Morris
<input type="checkbox"/>		Comcast of Northwest NJ	Partial Morris, Warren
<input type="checkbox"/>		Patriot Media & Communications	Partial Morris
<input type="checkbox"/>		Service Electric Broadband Cable	Partial Morris, Warren
<input type="checkbox"/>		Cablevision of Elizabeth	Partial Union
<input type="checkbox"/>		Comcast of Plainfield	Partial Union
<input type="checkbox"/>		Cable Vision of Morris	Partial Warren
<input type="checkbox"/>		Service Electric Cable TV of Hunterdon	Partial Warren

	DURATION & FREQUENCY OF OUTREACH	NAMES OF REGIONAL RADIO STATION(S)	BROADCAST AREA AND/OR RACIAL/ETHNIC IDENTIFICATION OF READERS/AUDIENCE
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TARGETS ENTIRE HOUSING REGION 2

AM

<input type="checkbox"/>		WFAN 660	
<input type="checkbox"/>		WOR 710	
<input type="checkbox"/>		WABC 770	

FM

<input type="checkbox"/>		WFNY-FM 92.3	
<input type="checkbox"/>		WPAT-FM 93.1	Spanish
<input type="checkbox"/>		WNYC-FM 93.9	
<input type="checkbox"/>		WFME 94.7	Christian
<input type="checkbox"/>		WPLJ 95.5	
<input type="checkbox"/>		WQXR-FM 96.3	
<input type="checkbox"/>		WQHT 97.1	
<input type="checkbox"/>		WRKS 98.7	
<input type="checkbox"/>		WAWZ 99.1	Christian
<input type="checkbox"/>		WHTZ 100.3	
<input type="checkbox"/>		WCBS-FM 101.1	
<input type="checkbox"/>		WKXW-FM 101.5	
<input type="checkbox"/>		WQCD 101.9	
<input type="checkbox"/>		WNEW 102.7	
<input type="checkbox"/>		WKTU 103.5	

<input type="checkbox"/>		WAXQ 104.3	
<input type="checkbox"/>		WWPR-FM 105.1	
<input type="checkbox"/>		WLTW 106.7	
TARGETS PARTIAL HOUSING REGION 2			
AM			
<input type="checkbox"/>		WWRL 1600	Essex
<input type="checkbox"/>		WXMC 1310	Essex, Morris
<input type="checkbox"/>		WWRV 1330	Essex, Morris (Spanish)
<input type="checkbox"/>		WZRC 1480	Essex, Morris (Chinese/Cantonese)
<input type="checkbox"/>		WMCA 570	Essex, Morris, Union (Christian)
<input type="checkbox"/>		WNYC 820	Essex, Morris, Union
<input type="checkbox"/>		WCBS 880	Essex, Morris, Union
<input type="checkbox"/>		WPAT 930	Essex, Morris, Union (Caribbean, Mexican, Mandarin)
<input type="checkbox"/>		WWDJ 970	Essex, Morris, Union (Christian)
X	Once at the start additional as necessary	WINS 1010	Essex, Morris, Union
<input type="checkbox"/>		WEPN 1050	Essex, Morris, Union
<input type="checkbox"/>		WKMB 1070	Essex, Morris, Union (Christian)
<input type="checkbox"/>		WBBR 1130	Essex, Morris, Union
<input type="checkbox"/>		WLIB 1190	Essex, Morris, Union (Christian)
<input type="checkbox"/>		WMTR 1250	Essex, Morris, Union
<input type="checkbox"/>		WADO 1280	Essex, Morris, Union (Spanish)
<input type="checkbox"/>		WNSW 1430	Essex, Morris, Union (Portuguese)
<input type="checkbox"/>		WJDM 1530	Essex, Morris, Union (Spanish)
<input type="checkbox"/>		WQEW 1560	Essex, Morris, Union
<input type="checkbox"/>		WWRU 1660	Essex, Morris, Union (Korean)
<input type="checkbox"/>		WCTC 1450	Union
<input type="checkbox"/>		WCHR 1040	Warren
<input type="checkbox"/>		WEEX 1230	Warren
<input type="checkbox"/>		WNNJ 1360	Warren
<input type="checkbox"/>		WRNJ 1510	Warren

FM			
<input type="checkbox"/>		WMSC 90.3	Essex
<input type="checkbox"/>		WFUV 90.7	Essex
<input type="checkbox"/>		WBG0 88.3	Essex, Morris, Union
<input type="checkbox"/>		WSOU 89.5	Essex, Morris, Union
<input type="checkbox"/>		WKCR-FM 89.9	Essex, Morris, Union
<input type="checkbox"/>		WFMU 91.1	Essex, Morris, Union
<input type="checkbox"/>		WNYE 91.5	Essex, Morris, Union
<input type="checkbox"/>		WSKQ-FM 97.9	Essex, Morris, Union (Spanish)
<input type="checkbox"/>		WBAI 99.5	Essex, Morris, Union
<input type="checkbox"/>		WDHA -FM 105.5	Essex, Morris, Union
<input type="checkbox"/>		WCAA 105.9	Essex, Morris, Union (Latino)
<input type="checkbox"/>		WBLS 107.5	Essex, Morris, Union
<input type="checkbox"/>		WHUD 100.7	Essex, Morris, Warren
<input type="checkbox"/>		WPRB 103.3	Essex, Union, Warren
<input type="checkbox"/>		WMNJ 88.9	Morris
<input type="checkbox"/>		WJSV 90.5	Morris
<input type="checkbox"/>		WNNJ-FM 103.7	Morris, Warren
<input type="checkbox"/>		WMGQ 98.3	Union
<input type="checkbox"/>		WCTO 96.1	Union, Warren
<input type="checkbox"/>		WNTI 91.9	Warren
<input type="checkbox"/>		WSBG 93.5	Warren
<input type="checkbox"/>		WZZO 95.1	Warren
<input type="checkbox"/>		WAEB-FM 104.1	Warren
<input type="checkbox"/>		WHCY 106.3	Warren

3d. Other Publications (such as neighborhood newspapers, religious publications, and organizational newsletters)
(Check all that applies)

	NAME OF PUBLICATIONS	OUTREACH AREA	RACIAL/ETHNIC IDENTIFICATION OF READERS/AUDIENCE
TARGETS ENTIRE HOUSING REGION 2			
Monthly			
<input type="checkbox"/>	Sino Monthly	Jersey/NYC area	Chinese-American

<input type="checkbox"/>		Al Manassah	Jersey	Arab-American
TARGETS PARTIAL HOUSING REGION 2				
Daily				
<input type="checkbox"/>		24 Horas	Bergen, Essex, Hudson, Middlesex, Passaic, Union Counties	Portuguese-Language
Weekly				
<input type="checkbox"/>		Arab Voice Newspaper	North Jersey/NYC area	Arab-American
<input type="checkbox"/>		Brazilian Voice, The	Newark	Brazilian-American
<input type="checkbox"/>		Catholic Advocate, The	Essex County area	Catholic
<input type="checkbox"/>		La Voz	Hudson, Union, Middlesex Counties	Cuban community
<input type="checkbox"/>		Italian Tribune	North Jersey/NYC area	Italian community
<input type="checkbox"/>		New Jersey Jewish News	Northern and Central New Jersey	Jewish
<input type="checkbox"/>		El Nuevo Coqui	Newark	Puerto Rican community
<input type="checkbox"/>		Banda Oriental Latinoamérica	North Jersey/NYC area	South American community
<input type="checkbox"/>		El Especialito	Union City	Spanish-Language
<input checked="" type="checkbox"/>	Once at start additional as necessary	La Tribuna Hispana	Basking Ridge, Bound Brook, Clifton, East Rutherford, Elizabeth, Fort Lee, Greebrook, Linden, Lydenhurst, Newark, North Plainfield, Orange, Passaic, Paterson, Plainfield, Roselle, Scotch Plains, Union, Union City, West NY	Spanish-Language
<input type="checkbox"/>		Ukranian Weekly	New Jersey	Ukranian community
3e. Employer Outreach (names of employers throughout the housing region that can be contacted to post advertisements and distribute flyers regarding available affordable housing) (Check all that applies)				
DURATION & FREQUENCY OF OUTREACH		NAME OF EMPLOYER/COMPANY	LOCATION	
Essex County				
<input checked="" type="checkbox"/>	Once at start additional as necessary	Newark Liberty International Airport	Newark Airport, Newark, NJ	
<input checked="" type="checkbox"/>		Verizon Communications	540 Broad St Newark, NJ 07102	
<input checked="" type="checkbox"/>		Prudential Financial, Inc.	751 Broad St Newark, NJ 07102	
<input checked="" type="checkbox"/>	Once at start additional as necessary	Continental Airlines		
<input checked="" type="checkbox"/>	Once at start additional as necessary	University of Medicine/Dentistry	Office of Marketing & Media Relations 150 Bergen Street Room D347 Newark, NJ 07103	

X		Public Service Enterprise Group	80 Park Plz Newark, NJ 07102
X	Once at start additional as necessary	Mountainside Medical Group	101 Roseland Ave. Caldwell, NJ 07006
X	Once at start additional as necessary	Essex Fells Public Works	307 Runnymede Rd. Essex Fells, NJ 07021
X	Once at start additional as necessary	Horizon Blue Cross Blue Shield of NJ	3 Penn Plaza E Newark, NJ 07101
<input type="checkbox"/>	Once at start additional as necessary	Servpro	513 W Mt Pleasant Ave Livingston, NJ 07039
Morris County			
X	Once at start additional as necessary	Morristown Medical Center	100 Madison Avenue Morristown, NJ 07962
<input type="checkbox"/>		AT&T	295 N Maple Ave, Basking Ridge, NJ and 180 Park Ave, Florham Park, NJ
<input type="checkbox"/>		US Army Armament R&D	21 Picatinny Arsenal, Picatinny Arsnl, NJ
X	Once at start additional as necessary	Lucent Technologies	67 Whippany Rd, Whippany, NJ and 475 South St, Morristown, NJ and 5 Wood Hollow Rd, Parsippany, NJ and 24 Mountain Ave, Mendham, NJ
X	Once at start additional as necessary	Novartis Pharmaceutical	59 State Route 10, East Hanover, NJ
X	Once at start additional as necessary	Kraft foods	200 Deforest Ave, East Hanover, NJ and 7 Campus Dr, Parsippany, NJ
<input type="checkbox"/>		Mennen Sports Arena	161 E Hanover Ave, Morristown, NJ
<input type="checkbox"/>		Honeywell	101 Columbia Rd Morristown, NJ 07960
X	Once at start additional as necessary	Pfizer	5 Woodhollow Rd, Parsippany and 175 Tabor Rd, Morris Plains
X	Once at start additional as necessary	St. Clare's Hospital	25 Pocono Road Denville, NJ
Union County			
<input type="checkbox"/>		A&M Industrial Supply Co	1414 Campbell St Rahway
<input type="checkbox"/>		A.J. Seabra inc,	574 Ferry St Newark
X	Once at start additional as necessary	NJ DMV	Springfield Plaza, 271 US-22, Springfield, NJ 07081
X	Once at start additional as necessary	Comcast Network	800 Rahway Ave Union, NJ
<input type="checkbox"/>		HoneyWell Inc.	1515 West Blancke Street Bldgs 1501 and 1525 Linden, NJ
<input type="checkbox"/>		IBM Corporation	27 Commerce Drive Cranford, nj
X	Once at start additional as necessary	Howard Press	450 West First Ave Roselle,nj
<input type="checkbox"/>		Lucent Technologies	600 Mountain Ave Murray Hill,NJ
X	Once at start additional as necessary	Merck & Co. Inc	1 Merck Drive PO Box 2000 (RY60-200E) Rahway, NJ
X	Once at start additional as necessary	Rahway Hospital	865 Stone Street Rahway, NJ

<input type="checkbox"/>		Rotuba Extruders, Inc	1401 Park Ave South Linden
<input type="checkbox"/>		Union County College	1033 Springfield Ave Cranford,NJ

Warren County

X	Once at start additional as necessary	Masterfoods USA	800 High Street Hackettstown, NJ
X	Once at start additional as necessary	Warren Hospital	185 Roseberry St Phillipsburg, NJ
<input type="checkbox"/>		Roche Vitamins	206 Roche Drive Belvidere, NJ
X	Once at start additional as necessary	Hackettstown Hospital	651 Willow Grove St. Hackettstown, NJ
X	Once at start additional as necessary	Lopatcong Care Center	390 Red School Lane Phillipsburg, NJ
X	Once at start additional as necessary	Mallinckrodt/Baker, Inc	222 Red School Lane Phillipsburg, NJ

3f. Community Contacts (names of community groups/organizations throughout the housing region that can be contacted to post advertisements and distribute flyers regarding available affordable housing)

Name of Group/Organization	Outreach Area	Racial/Ethnic Identification of Readers/Audience	Duration & Frequency of Outreach
Fair Share Housing Center (1 Ethel Lawrence Blvd. Mt. Laurel Township, N 08054)	Morris County	All	Once at start additional as necessary
The NJ State Conference of the NAACP (15 W Front St. Trenton, NJ 08608)	Mercer County	All	Once at start additional as necessary
The Latino Action Network (PO Box 943, Freehold, NJ 07728)	Monmouth County	All	Once at start additional as necessary
Oranges and Maplewood NAACP (PO Box 1127, East Orange, NJ 07019)	Essex County	All	Once at start additional as necessary
Morris County NAACP (PO Box 2256, Morristown, NJ 07962)	Morris County	All	Once at start additional as necessary
Elizabeth NAACP (PO Box 6732, Elizabeth, NJ 07206)	Union county	All	Once at start additional as necessary
The Supportive Housing Center (185 Valley St. South Orange, NJ 07079)	Essex County	All	Once at start additional as necessary
Newark NAACP (PO Box 1262, Newark, NJ 07101)	Essex County	All	Once at start additional as necessary
See attached	Union, Morris, Essex, Warren County	All	Once at start additional as necessary

IV. APPLICATIONS

Applications for affordable housing for the above units will be available at the following locations:

4a. County Administration Buildings and/or Libraries for all counties in the housing region (list county building, address, contact person) (Check all that applies)

BUILDING	LOCATION
----------	----------

X	Morris County Library	30 East Hanover Avenue, Whippany, NJ 07981
X	Warren County Library Headquarters	199 Hardwick Street, Belvidere, NJ 07823
X	Essex County/Hall of Records	465 Dr. Martin Luther King, Jr. Blvd, Newark, NJ 07102 (973)621-4400
X	Union County/Administration Building	Elizabethtown Plaza, Elizabeth, NJ 07207 (908)527-4100
4b. Municipality in which the units are located (list municipal building and municipal library, address, contact person)		
Verona Township 600 Bloomfield Ave. Verona, NJ 07044 (Clerk's office)		
Verona Library 17 Gould St. Verona NJ 07044 (Front Desk)		
4c. Sales/Rental Office for units (if applicable)		
TBD		

V. CERTIFICATIONS AND ENDORSEMENTS

I hereby certify that the above information is true and correct to the best of my knowledge. I understand that knowingly falsifying the information contained herein may affect the (select one: Municipality's substantive certification or DCA Balanced Housing Program funding or HMFA UHORP/MONI/CHOICE funding).

Laura Mongello
Name (Type or Print)

Administrative Agent
Title/Municipality

Signature

Date

APPENDIX

9

**SPECTRUM 360 /
1 SUNSET AVENUE**

APPENDIX

10

PIRHL / CAMECO

APPENDIX

11

HILLWOOD SENIOR HOUSING

APPENDIX

12

SPECIAL NEEDS FACILITIES

APPENDIX

13

TOWN CENTER MIXED USE (TCMU) OVERLAY ZONE ORDINANCE

**TOWNSHIP OF VERONA
COUNTY OF ESSEX, STATE OF NEW JERSEY**

ORDINANCE NO. 2022-32

AN ORDINANCE AMENDING SECTION §150, THE ZONING ORDINANCE OF THE CODE OF THE TOWNSHIP OF VERONA, BY ESTABLISHING THE A NEW SECTION §150-17.14A, CREATING A TOWN CENTER MIXED USE ZONING DISTRICT PERMITTING RESIDENTIAL USES WITH AN AFFORDABLE HOUSING ELEMENT AND ALSO AMENDING THE ZONING MAP OF THE TOWNSHIP OF VERONA.

WHEREAS #1, the 2009 Master Plan of the Township of Verona, dated May 18, 2009, includes a Housing Element and Fair Share Plan (“FSP”) to address affordable housing protocols effective as at that date and as promulgated by the State of New Jersey Council on Affordable Housing (“COAH”) in their rules and regulations; and

WHEREAS #2, the 2009 FSP indicates that “the planning board of the Township of Verona is committed to meet its constitutional obligation to provide affordable housing”; and WHEREAS #3, on July 15, 2015, the Township of Verona filed a Complaint for Declaratory Judgment seeking a declaration of its compliance with the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq. (“FHA”) in accordance with Mount Laurel IV with respect to the Township of Verona’s affordable housing obligation to permit the construction of affordable homes for lower-income households, this matter is commonly

referred to as the affordable housing “DJ” action; and

WHEREAS #4, the Court on March 10, 2015, ruled that the state agency known as the Council on Affordable Housing (“COAH”) was effectively dysfunctional, and returned jurisdiction of affordable housing issues back to the trial courts where it had been prior to the creation of COAH in 1986. The Fair Share Housing Center (“FSHC”), having been a party in both the predecessor 2010 and 2013 statewide FHA and affordable housing cases, responded by filing a motion in aid of litigants’ rights with the New Jersey Supreme Court. The Court recognized the interests represented by the FSHC and thus granted Intervenor status to the FSHC; and

WHEREAS #5, the 2015 Court decision created a process for municipalities, like Verona, that participated in the Fair Housing Act/COAH process, to file a declaratory judgment (“DJ”) seeking to have the Court declare the Verona FSP constitutionally compliant and receive immunity from builder’s remedy lawsuits.

This allowed time for municipalities to prepare a new or revised FSP to ensure their Plan continues to affirmatively address their local housing needs as may be adjusted by new affordable housing-need numbers promulgated by the Courts and as may be agreed to by the Township and FSHC; and

WHEREAS #6, after a series of legal, land use and financial actions the Township and FSHC have come to an agreement (“Agreement”) which will satisfy the edicts of the Court and the FHA to provide affordable housing within the Township of Verona; and

WHEREAS #7, included in the Agreement is a provision to provide for the rezoning (or alternatively an overlay zone) of an area of the Township along Bloomfield Avenue; and

WHEREAS #8, it has been determined that a rezoning of an area that is currently in the Town Center zone situated along Bloomfield Avenue would be the most appropriate area for such rezoning, specifically between Montrose Avenue and South Prospect Street, to permit residences – both market

rate and affordable - as a principle use on the second and third stories of the properties fronting Bloomfield Avenue and to further permit market rate and affordable residences as a principle use on the ground floor (or first floor) as well as the second and third stories of the properties fronting on the side streets of Montrose Avenue and Prospect Street so as to continue to have businesses situated along the main retail corridor of Verona, Bloomfield Avenue; and

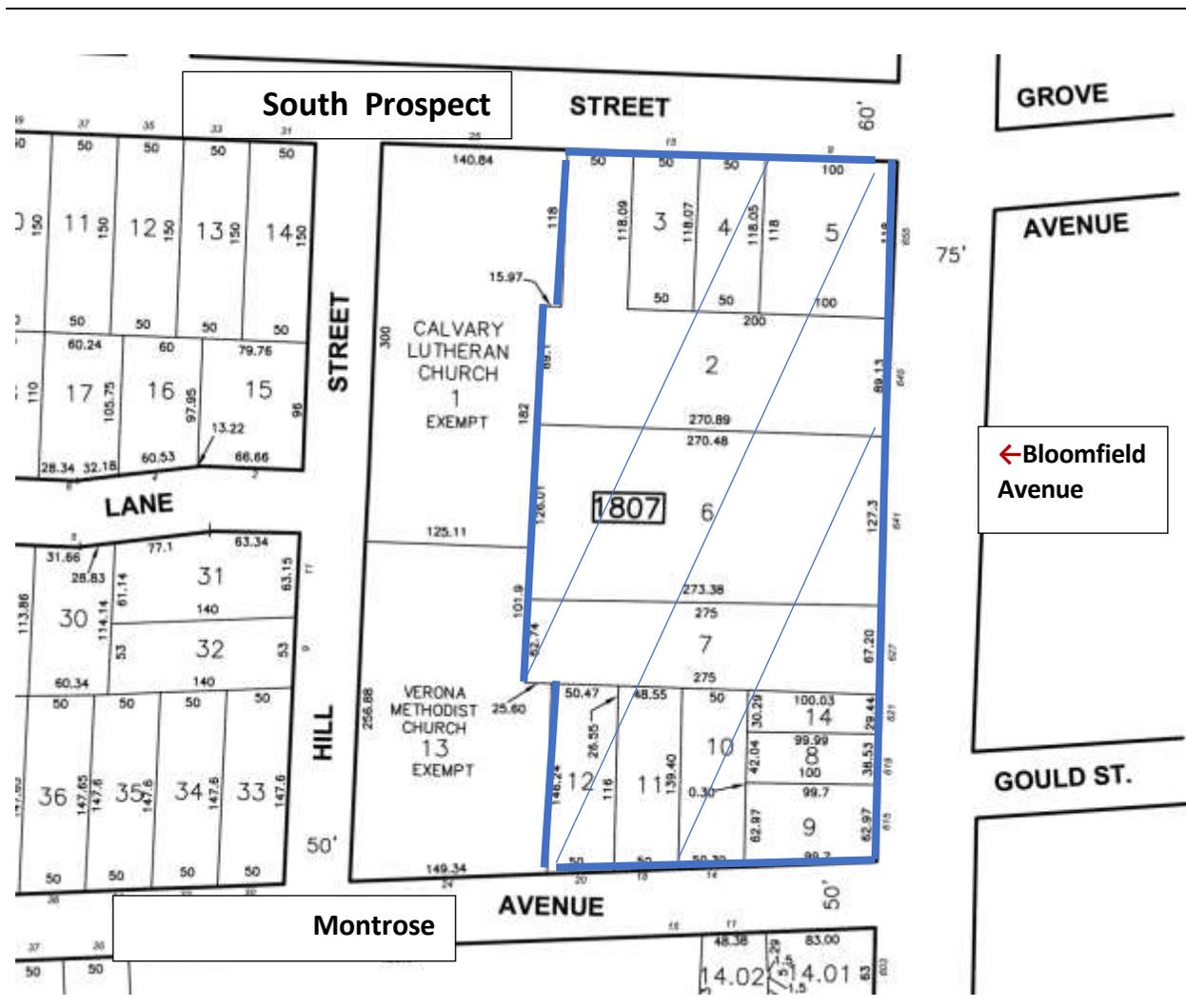
WHEREAS #9, this ordinance is intended to implement, in part, the aforesaid Agreement, covering the properties at Block 1807, Lots 2 through 12 inclusive and Lot 14, and excluding therefrom the parcels at Lot 1 and Lot 13 those lots being houses of worship and which are excluded from the effect of this ordinance.

NOW, THEREFORE, BE IT ORDAINED by the Township Council of the Township of Verona, Essex County, New Jersey, as follows:

The WHEREAS paragraphs above shall be considered an operative part of this ordinance as though they are included in the following sections.

SECTION 1. General Provisions and Zone Definition. Chapter §150 of the General Ordinances of the Township of Verona entitled "Zoning" is hereby amended to rezone an approximate 3.19 acre area of the Township to add thereto a Town Center Mixed-Use ("TC MU") zoning district at new Chapter § 150-17.14A covering the properties at Block 1807, Lots 2 through 12 and Lot 14 which properties may be merged or consolidated to form a cohesive development which shall include residential housing units including affordable housing units as a principle permitted use on the second and third stories of the properties fronting Bloomfield Avenue and to further permit residences including affordable units as a principle permitted use on the ground floor (or first floor) as well as the second and third stories of the properties fronting on the side streets of Montrose Avenue and South Prospect Street.

The Town Center Mixed-Use Zone Boundary



Section 2. The TC MU Zoning District Specifications. A new section of the Township Code is hereby added at §150-17.14A and shall be known as the TC MU (TOWN CENTER-MIXED USE) ZONE. The following are the specifications applicable to the TC MU Zone.

A. Principal Permitted Uses.

No building or premises shall be erected, altered or used except for uses designated for each property within the TC MU district as follows:

1. Retail stores and retail service establishments, including stores or shops or retail business.
2. Cafeterias, full-service restaurants, snack and nonalcoholic beverage bars, confectionery and nut stores, retail bakeries.
3. Banks and other financial institutions, but not including drive in uses.
4. Theatrical and motion picture theaters.
5. Family day care centers.
6. Personal service establishments.
7. Residences - residential housing units, including a required set aside for affordable housing units.

B. Permitted Accessory Uses.

Any of the following accessory uses are permitted in conjunction with a permitted principal use:

1. Accessory uses customarily incidental to the principal or conditional use.
2. Outdoor restaurant seating in accordance with section § 150-7.23, provided also that a minimum of six (6) feet is maintained on the sidewalk for pedestrian movement between the edge of any approved outdoor dining area and the curb face.
3. Sidewalk Cafes in accordance with section §150-7.22, provided also that a minimum of six (6) feet is maintained on the sidewalk for pedestrian movement between the edge of any approved sidewalk cafe and the curb face.
4. Parking lots, including structured parking garages.
5. Amenity space(s) serving residences such as a fitness area, lobby, mailroom, meeting space for residences (not open to the general public), coffee service area, and the like as may be approved by the Verona Planning Board.
6. Internal roadways, parking areas, loading/unloading zones, courtyards and sidewalks.

C. Development Standards.

1. Any property having any portion of a building bounded by Bloomfield Avenue shall be considered to front on Bloomfield Ave.
2. All non-residential uses shall be conducted entirely within the confines of the first floor of a building having frontage along Bloomfield Avenue with a maximum building footprint depth of one-hundred feet as measured from the building along Bloomfield Avenue to the rear {or back}, including any setback from the street, of the retail or other non-residential establishment including those identified as permitted uses.
3. Residential buildings and parking areas may be built on any area exceeding the

one-hundred-foot limitation as well as on any area of a property fronting Bloomfield Avenue where there is a permitted non-residential use having a building depth of 50 feet as measured from the building along Bloomfield Avenue to the rear {or back}, including any setback from the street.

4. Cafeterias, full-service restaurants, snack and nonalcoholic beverage bars, confectionery and nut stores and retail bakeries shall have a maximum seating capacity of 100 patrons and shall only be permitted on lots having frontage on Bloomfield Avenue.
5. Residential units, including the required affordable units, shall be situated on the second and third stories of the properties fronting Bloomfield Avenue which shall have non-residential uses on the first fifty feet of the ground floor as measured from building along Bloomfield Avenue to the rear {or back}, including any setback from the street, subject to the limitations in Paragraph 6 hereof.
6. Residences, including the affordable units, shall be a principle permitted use on the ground floor (or first floor) as well as the second and third stories of the properties fronting on the side streets of Montrose Avenue and South Prospect Street. Notwithstanding the foregoing provisions, including the requirements of Paragraph 7 hereof, when a building fronting on Bloomfield Avenue has a depth of a minimum of 50 feet and contains non-residential uses, then the residences may be built on the ground floor 50 feet or further upon the property to the south of Bloomfield Avenue.
7. Four pedestrian entrances to all of the residences in the TC MU Zone, of not greater than twelve feet (12) in width, as measured from the inside of the door frame of each side of the door, may be provided along Bloomfield Avenue. All other pedestrian entrances shall be provided from the rear (or side) of any property located in the TC MU Zone or from an entrance from Montrose Avenue or South Prospect Street. The provisions of Section 3 "Affordable Housing Multi-Family Residential Specifications" of this ordinance shall also be complied with.
8. Parking lots, including structured parking garages shall not exceed twenty-eight (28) feet in height, excluding a parapet wall not greater than six feet (6) feet in height. Any parking structure shall contain a twenty-two (22) foot wide cartway, inclusive of ground floor visitor parking areas, unless the Township Engineer approves deviation. No parking lot or structure shall front on Bloomfield Avenue.
9. The internal drives shall contain a twenty-two (22) foot wide cartway, unless the Township Engineer approves a deviation.
10. There shall be a minimum of 100 feet between any two driveway curb openings on Bloomfield Avenue.
11. Primary materials for the exterior of buildings shall be brick, wood, Hardie Plank panels or similar fiber cement siding, stone, precast and cast stone and manufactured stone, and glass.
12. All entrances to any building shall be defined and articulated by architectural elements such as lintels, pediments, pilasters, columns, porticoes, porches, overhangs,

railings, etc.

13. An appropriate roof pitch and roofline architectural treatment is required. If a flat roof is designed (or proposed), then the architectural treatment must be aesthetically pleasing so the building does not look like a monolithic structure.
14. The affordable residential units are required to be integrated with the market rate units.
15. Section §150-21.3 pertaining to Residential Fees shall NOT be applicable to the TC MU Zone.

D. Area, Yard, Bulk and Parking Regulations.

Note: All setbacks shall be measured from a structural (also known as a dominant) building wall(s). The appropriate dimension for building setbacks between structural building walls, (defined as “full or complete” walls and excluding knee or hip walls and architectural walls or elements designed to add a wall feature and not be a load bearing wall) and part of any building or property boundary shall be determined by the applicant’s Planner or Architect at the time of site plan review based on the geometry of the site.

1.	Minimum Lot Size (Square Feet)	5,000
2.	Minimum Lot Width (Feet)	50
3.	Minimum Front Yard Setback (Feet)	2
4.	Maximum Front Yard Setback (Feet)	30
5.	Minimum Side Yard Setback-One (Feet)	0
7.	Minimum Side Yard Setbacks-Both (Feet)	0
8.	Minimum Side Yard Setbacks-Both (Percentage of lot width)	N/A
9.	Minimum Rear Yard Setback (Feet), this shall exclusively mean and is defined as the boundary with the houses of worship located at Block 1807, Lots 1 and 13.	18
10.	Maximum Height for Principal Building (Stories / Feet)	3/50
11.	Maximum Height for Accessory Structures other than parking structures. (Feet)	15
12.	Maximum Building Coverage, first floor building area as a percent of land area. (Percent)	80

13. Maximum improved and landscaped lot coverage, defined as first floor building area plus impervious coverage, plus landscaped buffer area as a percent of land area. (Percent) 95
14. Minimum Landscaped Buffer along a residential zone (Feet) boundary, or along the boundary with any house of worship. 15
15. Parking provisions:
 - i. Notwithstanding §150-12.6 B, pertaining to RSIS parking standards, which shall not apply to the TC MU Zone, any residential development(s) in the TC MU Zone shall provide a minimum of 1.5 vehicle(s) parking space(s) per residential unit.
 - ii. A minimum of 90% of such parking spaces shall be provided on-site and the remaining 10% of required parking spaces may be provided through a long-term lease (or parking lot rental agreement), with a minimum term of ten (10) years, of off-street parking spaces no further than one-thousand (1,000) feet from the development.
 - All required or designated resident parking shall be provided within the boundaries of the TCMU Overlay Zone. Off-site parking satisfied outside of the TCMU Zone shall be limited to required or dedicated spaces for ground-floor commercial uses and shall be reserved for employees or customers of those commercial uses.
 - Off-site parking spaces shall only qualify for off-site parking

agreements/leases if be located in public or commercial parking lots/facilities or private parking lots/facilities which are accessory to existing non-residential uses where the number of parking spaces exceeds the required amount for those existing non-residential uses.

- Such parking agreement or lease shall be in writing as at the time a site plan application is submitted to the Verona Planning Board.
 - No private parking lot/facility serving an existing use shall receive off-site parking spaces from the TCMU Zone if such an arrangement would cause or exacerbate a shortfall in the required number of parking spaces for that existing use.
- iii. A minimum of 5% of all on-site parking spaces shall be exclusively reserved and identified for electrically charged vehicle. The parking space(s) shall be equipped with electric charging devices (or apparatus). In addition, if the State of New Jersey should require that a greater number of electrically charged vehicle spaces be required than is required herein, then that requirement shall be applicable to any site plan application to be filed under the provisions of this ordinance.

E. Conditional Uses.

The following conditional uses which are permitted within the Town Center Zone as identified in the conditional use regulations of the Township's zoning ordinance shall NOT apply to the TC MU Zone, except where specified in Section 2 hereof.

1. Mixed retail and residential uses.
2. Mixed retail and commercial (non-medical) with residential uses.
3. Mixed retail and professional office (non-medical) with residential uses.

F. Affordable Housing Multi-Family Residential Specifications. The TC MU Zone shall supersede the pre-existing TC Zone applicable to the properties at Block 1807, Lots 2 through 12 and Lot 14 when an application for site plan approval is filed for any multi-family residential development having greater than two (2) residential units.

1. Any residential development shall set aside 15% of the units, when the units are rented, for affordable housing and 20% of the units for affordable housing, when the residential units are for sale.
2. The intent of the TC MU Zone is to permit the development of an inclusionary multi-family residential development in which a certain proportion of the dwelling units are set aside for occupancy by low- and moderate-income households satisfying the FHA and Uniform Housing Affordability Controls ("UHAC", N.J.A.C. 5:80-26.1 et seq.).
3. The residential multifamily residences situated in the TC MU Zone shall satisfy the following conditions:
 - i. There shall be no more than two (2) bedrooms per residential unit, except three-bedroom units shall be provided as required under UHAC.
 - ii. No three-bedroom unit shall have an area less than 900 square feet.
 - iii. No more than seventy (70) residential units, or 22 residential units per acre, may be located in the TC MU.

- iv. The maximum living space, meaning finished floor area in any unit, shall not exceed 1,200 square feet unless UHAC, or other affordable housing rule or regulation, requires a larger unit size, which said applicable larger unit size shall only be applicable to the affordable units.

SECTION 3. The Zoning Map of the Township of Verona as established and enacted in Section §150-3.2 is hereby amended to add thereto the TC MU Zone.

SECTION 4. Inconsistency. All ordinances or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

SECTION 5. Severability. If any sentence, section, clause, or other portion of this ordinance, or the application thereof to any person or circumstance, shall for any reason be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or repeal the remainder of this ordinance.

SECTION 6. Effective Date. This ordinance shall take effect twenty (20) days following passage and publication, or as otherwise required by law, and upon filing with the Planning Board of the County of Essex.

ATTEST:

JENNIFER KIERNAN
MUNICIPAL CLERK

NOTICE

I HEREBY CERTIFY THAT THE AFOREMENTIONED ORDINANCE WAS PUBLISHED IN THE STAR LEDGER, A NEWSPAPER PUBLISHED IN THE COUNTY OF ESSEX AND CIRCULATED IN THE TOWNSHIP OF VERONA, IN THE ISSUE OF SEPTEMBER 23, 2022 AND XXX.

JENNIFER KIERNAN
MUNICIPAL CLERK

INTRODUCTION: September 19, 2022
PUBLIC HEARING: October 17, 2022
EFFECTIVE DATE:

APPENDIX

14

AFFORDABLE HOUSING AND DEVELOPMENT FEE ORDINANCES

TOWNSHIP OF VERONA
COUNTY OF ESSEX, NEW JERSEY

ORDINANCE NO. 2023-18

REPEALING ARTICLE XIX OF CHAPTER 150 OF THE CODE
OF THE TOWNSHIP IN ITS ENTIRETY AND REPLACING WITH A NEW
ARTICLE XIX-AFFORDABLE HOUSING

SECTION ONE:

§150-19.1. Purpose.

- A. The purpose of this article is to create the administrative mechanisms needed for the execution of Verona's responsibility to assist in the provision of affordable housing pursuant to the Fair Housing Act of 1985.
- B. This chapter of the Township Code sets forth regulations regarding the low- and moderate-income housing units in the Township consistent with the Township's constitutional obligation to provide a realistic opportunity for the construction of its fair share of the regional need for affordable housing for low- and moderate-income households, the provisions known as the Substantive Rules of the New Jersey Council on Affordable Housing ("COAH rules"), N.J.A.C. 5:93 et seq., and the Uniform Housing Affordability Controls ("UHAC"), N.J.A.C. 5:80-26.1 et seq., except that the requirements for very-low-income affordable housing as established in P.L. 2008, c. 46 (the "Roberts Bill," codified at *N.J.S.A. 52:27D-329.1*) shall supersede those of the UHAC.
- C. This chapter is intended to assure that very-low, low- and moderate-income units ("affordable units") are created with deed restrictions which preserve affordability over time and that very-low-, low- and moderate-income households shall occupy these units. This chapter shall apply to all inclusionary developments and 100% affordable developments (including those funded with low-income housing tax credit financing) except where inconsistent with applicable law.
- D. This chapter implements and incorporates the Housing Element and Fair Share Plan pursuant to the Municipal Land Use Law at *N.J.S.A. 40:55D-1 et seq.* ("Fair Share Plan"), in accordance with the settlement agreement entered into between the Township and the Fair Share Housing Center ("FSHC") on March 10, 2021 and addresses the requirements of N.J.A.C. 5:93, as may be amended and supplemented.
- E. The Township shall file monitoring and status reports with the Superior Court and FSHC and shall place the reports on its municipal website. Any Fair Share Plan evaluation or monitoring report prepared by the Special Master in accordance with N.J.A.C. 5:91 shall be available to the public at the Verona Town Hall, 600 Bloomfield Avenue, Verona, New Jersey 07044.
- F. On or about each anniversary of the Court's filing of the Judgment of Compliance and Repose through the end of the period of Third Round Judgment of Repose (July 1, 2025), the Township will provide annual reporting of the status of all affordable housing activity within the municipality through posting on the municipal website with a copy of such posting provided to all parties to the Township's Court-approved settlement agreements, using forms previously developed for this purpose by the Council on Affordable Housing or any other forms endorsed by the Special Master and FSHC.
- G. The Fair Housing Act includes two provisions regarding action to be taken by the Township during the ten-year period of protection provided in the Township's agreement with FSHC. The Township agrees to comply with those provisions as follows:
 - 1. At the time of a hearing for a Third Round Judgment of Compliance, the Township may provide a realistic opportunity review consistent with the midpoint review provisions at *N.J.S.A. 52:27D-313*, which will consist of a status report as to its implementation of its plan and an analysis of whether any unbuilt sites or unfulfilled

mechanisms continue to present a realistic opportunity. In the event the Court determines that a site or mechanism no longer presents a realistic opportunity and should be replaced or supplemented, then the municipality shall have the first opportunity to supplement or revise its plan to correct any deficiency.

2. Within 30 days of the third anniversary of the Judgement of Compliance and Repose, the Township shall prepare a review of compliance with the very-low-income housing requirements required by *N.J.S.A. 52:27D-329.1* and its settlement agreement with Fair Share Housing Center. The Township will post on its municipal website, with a copy provided to FSHC, a status report as to its satisfaction of its very-low-income requirements, including the family very-low-income requirements referenced herein and in the Township's settlement agreement with FSHC. Such posting shall invite any interested party to submit comments to the municipality and FSHC on the issue of whether the municipality has complied with its very-low-income housing obligation.

§150-19.2. Definitions.

As used herein the following terms shall have the following meanings:

ACCESSORY APARTMENT

A self-contained residential dwelling unit with a kitchen, sanitary facilities, sleeping quarters and a private entrance, which is created within an existing home, or through the conversion of an existing accessory structure on the same lot as the home, or by an addition to an existing home or accessory building, or by the construction of a new accessory structure on the same lot.

ACT

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

ADAPTABLE

Constructed in compliance with the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7.

ADMINISTRATIVE AGENT

The entity responsible for the administration of affordable units in accordance with this chapter, as well as N.J.A.C. 5:91, N.J.A.C. 5:93 and N.J.A.C. 5:80-26.1 et seq.

AFFIRMATIVE MARKETING

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

The average percentage of median income at which deed-restricted units in an affordable housing development are affordable to low- and moderate-income households.

AFFORDABLE

A sales price or rent within the means of a low- or moderate-income household as defined in N.J.A.C. 5:93-7.4; in the case of an ownership unit, 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, 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

A housing development incorporated in the Housing Element and Fair Share Plan, and including, but not limited to, an inclusionary development, a municipal construction project or a 100% affordable development.

AFFORDABLE HOUSING PROGRAM(S)

Any mechanism in a municipal Fair Share Plan prepared or implemented to address a municipality's fair share obligation.

AFFORDABLE UNIT

A housing unit proposed or created pursuant to the Act, credited pursuant to N.J.A.C. 5:93,

and/or funded through an affordable housing trust fund.

AGE-RESTRICTED UNIT

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 where the unit is situated are 62 years old or older; or 2) at least 80% of the units are occupied by one person that is 55 years old or older (except that persons younger than 19 may not be permanent residents); or 3) the development has been designated by the Secretary of the United States 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(b)(2).

AGENCY

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

ALTERNATIVE LIVING ARRANGEMENT

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 New Jersey Department of Community Affairs; residential health-care facilities as regulated by the New Jersey Department of Health and Senior Services; 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

A facility licensed by the New Jersey Department of Health and Senior Services to provide apartment-style housing and congregate dining for four or more adult persons unrelated to the proprietor and to assure that assisted living services are available when needed 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

A household that has been certified by an administrative agent as a low-income household or moderate-income household.

COAH - THE COUNCIL ON AFFORDABLE HOUSING

The Council on Affordable Housing, which is in, but not part of, the Department of Community Affairs of the State of New Jersey, that was established under the New Jersey Fair Housing Act (*N.J.S.A. 52:27D-301 et seq.*).

DCA

The State of New Jersey Department of Community Affairs.

DEFICIENT HOUSING UNIT

A housing unit with health and safety code violations that require the repair or replacement of at least one 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

Any person, partnership, association, company or corporation that is the legal or beneficial owner of a lot or any land, improved or unimproved, which is proposed to be included in a proposed development, including the holder of an option to contract or purchase, or other person having an enforceable proprietary interest in such land.

DEVELOPMENT

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; 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

Money paid by a developer for the improvement of property as permitted in N.J.A.C. 5:93-8.

EQUALIZED ASSESSED VALUE

The assessed value of a property divided by the current average ratio of assessed to true value for the municipality in which the property is situated, as determined in accordance with Sections 1, 5, and 6 of P.L. 1973, c. 123 (*N.J.S.A. 54:1-35a through 54:1-35c*).

FAIR SHARE PLAN

The plan that describes the mechanisms, strategies and the funding sources, if any, by which the Township proposes to address its affordable housing obligation as established in the housing element, including the draft ordinances necessary to implement that plan and addresses the requirements of N.J.A.C. 5:93-5.

GREEN BUILDING STRATEGIES

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.

HOUSING ELEMENT

The portion of the municipality's Master Plan, required by the Municipal Land Use Law ("MLUL"), *N.J.S.A. 40:55D-28b(3)* and the Act, that includes the information required by N.J.A.C. 5:93-5.1 and establishes the Township's fair share obligation.

INCLUSIONARY DEVELOPMENT

A development containing both affordable units and market rate units. This term includes, but is not necessarily limited to: new construction, the conversion of a nonresidential structure to residential use and the creation of new affordable units through the reconstruction of a vacant residential structure.

LOW-INCOME HOUSEHOLD

A household with a total gross annual household income equal to 50% or less of the median household income for the applicable COAH housing region.

LOW-INCOME UNIT

A deed-restricted unit that is affordable to a low-income household.

MAJOR SYSTEM

The primary structural, mechanical, plumbing, electrical, fire protection, or occupant service components of a residential building, which includes, but is not limited to, weatherization, roofing, plumbing (including wells), heating, electricity, sanitary plumbing (including septic systems), lead paint abatement or load-bearing structural systems.

MARKET-RATE UNITS

Housing not restricted to low- and moderate-income households that may sell or rent at any price.

MEDIAN INCOME

The median income by household size for the applicable COAH housing region, as approved by the New Jersey Superior Court.

MODERATE-INCOME HOUSEHOLD

A household with a total gross annual household income in excess of 50% but less than 80% of the median household income for the applicable COAH housing region.

MODERATE-INCOME UNIT

A restricted unit that is affordable to a moderate-income household.

NONEXEMPT SALE

Any sale or transfer of ownership other than the transfer of ownership between spouses; 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

A process (e.g., by lottery) by which 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.

REGIONAL ASSET LIMIT

The maximum housing value in each COAH housing region affordable to a four-person household with an income of at 80% of the regional median as defined by adopted/approved regional income limits.

REHABILITATION

The repair, renovation, alteration or reconstruction of any building or structure, pursuant to the Rehabilitation Subcode, N.J.A.C. 5:23-6, which, for purposes of affordable housing credit, involves at least one major system of the building or structure.

RENT

The gross monthly cost of a rental unit to the tenant, including the rent paid to the landlord, 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

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

SPECIAL MASTER

An expert appointed by a Superior Court Judge to assist the Court, the municipality and any intervenors or other interested parties in applying the Mount Laurel Doctrine, including a determination of municipal fair share and an evaluation of the effectiveness of the municipality's Fair Share Plan.

UHAC

The Uniform Housing Affordability Controls set forth in N.J.A.C. 5:80-26.1 et seq.

VERY-LOW-INCOME-HOUSEHOLD

A household with a total gross annual household income equal to 30% or less of the median household income within the applicable COAH housing region.

VERY-LOW-INCOME UNIT

A restricted unit that is affordable to a very-low-income household.

WEATHERIZATION

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 rehabilitation crediting purposes.

§150-19.3. New Construction.

The following requirements shall apply to all new or planned developments that contain both market-rate and low- and moderate-income housing units.

- A. Phasing. Final site plan or subdivision approval shall be contingent upon the affordable housing development meeting the following phasing schedule for low- and moderate-income units, whether developed in a single-phase development or in a multi-phase development:

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. Design. In inclusionary developments, to the extent possible, low- and moderate-income units shall be integrated with the market units and shall be no further distant, on average, from common amenities provided in the development than market-rate units.

C. Payments in lieu and off-site construction. The standards for the collection of payments in lieu of constructing affordable units or standards for constructing affordable units off site shall be in accordance with the requirements below:

1. The base dollar amount of the payment in lieu of constructing an affordable unit at the time of adoption of this chapter shall be pursuant to COAH's regulations and/or the amount in a development pro forma on file with the Township Clerk. This amount shall be adjusted periodically by the Township to reflect the most current and accurate market conditions or better cover the cost to the Township to subsidize affordable housing construction. The payment shall be imposed as a condition of development approval by the Planning Board.
2. During the development approval process, a developer may demonstrate to the governing body that the actual construction cost of an affordable unit less estimated capitalized revenue at the development in question is lower than the imposed payment in lieu in §150-19.1.A1. At its discretion, the governing body may impose a payment in lieu amount equal or proximate to the amount estimated by the developer.

D. Utilities.

1. Affordable units shall utilize the same type of heating source as market units within the affordable 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 HUD for the Section 8 program.

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.
 - (a) Within rental developments, of the total number of affordable rental units, at least 13% shall be affordable to very-low-income households.
2. In each affordable development, at least 50% of the restricted units within each bedroom distribution shall be low-income units, including at least 13% very-low income.
3. Affordable developments that are not age-restricted shall be structured such that:
 - (a) The combined number of efficiency and one-bedroom units shall be no greater than 20% of the total low- and moderate-income units;
 - (b) At least 30% of all low- and moderate-income units shall be two-bedroom units;

- (c) At least 20% of all low- and moderate-income units shall be three-bedroom units; and
 - (d) The remaining units may be allocated among two- and three-bedroom 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. Accessibility requirements:
- 1. The first floor of all new restricted townhouse dwelling units and all restricted multistory dwelling units attached to at least one other dwelling unit shall be subject to the technical design standards of the Barrier Free Subcode, N.J.A.C. 5:23-7.
 - 2. All restricted townhouse dwelling units and all restricted multistory dwelling units attached to at least one other dwelling unit shall have the following features:
 - (a) An adaptable toilet and bathing facility on the first floor;
 - (b) An adaptable kitchen on the first floor;
 - (c) An interior accessible route of travel on the first floor;
 - (d) An interior accessible route of travel shall not be required between stories within an individual unit;
 - (e) 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
 - (f) 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 Township has collected funds from the developer sufficient to make 10% of the adaptable entrances in the development accessible.
 - (1) 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.
 - (2) To this end, the builder of restricted units shall deposit funds within the Township of Verona's affordable housing trust fund sufficient to install accessible entrances in 10% of the affordable units that have been constructed with adaptable entrances.
 - (3) The funds deposited under Subsection §150-19.1.F.2. (f)(2) herein shall be used by the Township for the sole purpose of making the adaptable entrance of any 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.
 - (4) The developer of the restricted units shall submit a design plan and cost estimate for the conversion from adaptable to accessible entrances to the construction official of the Township of Verona.
 - (5) Once the construction official has determined that the design plan to convert the unit entrances from adaptable to accessible meets 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 Township of Verona's affordable housing trust fund in care of the Municipal Treasurer, who shall ensure that the funds are deposited into the affordable housing trust fund and appropriately earmarked for the intended purpose.
 - (g) Full compliance with the foregoing provisions shall not be required where an

entity can demonstrate that it is site impracticable to meet the requirements on the site. Determinations of site impracticability shall be in compliance with the Barrier Free Subcode, N.J.A.C. 5:23-7.

G. 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 and by the Superior Court, utilizing the established regional income limits.
2. The maximum rent for restricted rental units within each affordable development shall be affordable to households earning no more than 60% of median income, and the average rent for restricted low- and moderate-income units shall be affordable to households earning no more than 52% 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.
 - (a) At least 13% of all low- and moderate-income rental units shall be affordable to households earning no more than 30% of median income.
4. The maximum sales price of restricted ownership units within each affordable development shall be affordable to households earning no more than 70% of median income, and each affordable development must achieve an affordability average of 55% for restricted ownership units; in achieving this affordability average, moderate-income ownership units must be available for at least three different prices for each bedroom type, and low-income ownership units must be available for at least two different prices for each bedroom type.
5. In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted units other than assisted living facilities, the following standards shall be met:
 - (a) A studio or efficiency unit shall be affordable to a one-person household;
 - (b) A one-bedroom unit shall be affordable to a 1 1/2 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 4 1/2 person household; and
 - (e) A four-bedroom unit shall be affordable to a six-person household.
6. In determining the initial rents for compliance with the affordability average requirements for restricted units in assisted living facilities, the following standards shall be met:
 - (a) A studio or efficiency unit shall be affordable to a one-person household;
 - (b) A one-bedroom unit shall be affordable to a 1 1/2 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% 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% 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%

of the eligible monthly income of the appropriate household size 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.

Income limits for all units for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 et seq. shall be updated by the Township annually within 30 days of the publication of determinations of median income by HUD as follows:

- (a) Regional income limits shall be established for the Region 2 based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial census in Region 2. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80% of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50% of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very-low-income unit for a household of four shall be 30% of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.
- (b) The income limits calculated each year shall be the result of applying the percentages set forth in Subsection **G(9)(a)** above to HUD's determination of median income for the relevant fiscal year, and shall be utilized until the Township updates the income limits after HUD has published revised determinations of median income for the next fiscal year.
- (c) The regional asset limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Township annually by taking the percentage increase of the income limits calculated pursuant to Subsection **G(9)(a)** above over the previous year's income limits, and applying the same percentage increase to the regional asset limit from the prior year. In no event shall the regional asset limit be less than that for the previous year.

10. The rent levels of very-low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed 9% 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.

H. Condominium and homeowners' association fees.

1. For any affordable housing unit that is part of a condominium association and/or homeowner's association, the master deed shall reflect that the association fee assessed for each affordable housing unit shall be established at 100% of the market rate fee.

§150-19.4. Affordability Controls and Requirements

A. Purpose.

1. The requirements of this section apply to all developments that contain affordable housing units, including any currently unanticipated future developments that will provide low- and moderate-income housing units.

B. Affirmative marketing.

1. The Township shall adopt by resolution an affirmative marketing plan, subject to approval of the Superior Court, 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 which are being marketed by a developer, sponsor or owner of affordable housing. The affirmative marketing plan is also intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs all marketing activities toward COAH Housing Region 2 and covers the period of deed restriction.
3. The affirmative marketing plan shall provide a regional preference for all households that live and/or work in COAH Housing Region 2, composed of Essex, Morris, Union, and Warren 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 Township of Verona shall implement the affirmative marketing plan to assure the affirmative marketing of all affordable units.
5. The administrative agent designated by the Township shall assure the affirmative marketing of all affordable units is consistent with the affirmative marketing plan for the municipality.
6. 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.
7. 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.
8. The affirmative marketing process for available affordable units shall begin at least four months (or 120 days) prior to the expected date of occupancy.
9. Applications for affordable housing shall be available in several locations, including, at a minimum, the County Administration Building and/or the County Library for each county within the housing region; the municipal administration building and the municipal library in the municipality in which the units are located; and the developer's rental office. Applications shall be mailed to prospective applicants upon request.
10. The costs of advertising and affirmative marketing of the affordable units shall be the responsibility of the developer, sponsor or owner, unless otherwise determined or agreed to by the Township of Verona.

C. Occupancy standards.

1. In referring certified households to specific restricted units, to the extent feasible, and without causing an undue delay in occupying the unit, the administrative agent shall strive to:
 - (a) Provide an occupant for each bedroom;
 - (b) Provide separate bedrooms for parents and children;

- (c) Provide children of different sexes with separate bedrooms; and
 - (d) Prevent more than two persons from occupying a single bedroom.
2. Additional provisions related to occupancy standards (if any) shall be provided in the municipal operating manual.
- D. Selection of occupants of affordable housing units.
1. The administrative agent shall use a random selection process to select occupants of low- and moderate-income housing.
 2. A waiting list of all eligible candidates will be maintained in accordance with the provisions of N.J.A.C. 5:80-26.1 et seq.
- 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, and each restricted ownership unit shall remain subject to the controls on affordability for a period of at least 30 years and until the municipality takes action thereafter to release the controls on affordability.
 2. Rehabilitated owner-occupied housing units that are improved to code standards shall be subject to affordability controls for a period of 10 years.
 3. The affordability control period for a restricted ownership unit shall commence on the date the initial certified household takes title to the unit.
 4. The affordability controls set forth in this chapter shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to restricted ownership units.
 5. 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 that follows the expiration of the applicable minimum control period provided under N.J.A.C. 5:80-26.5(a), as may be amended and supplemented.
- F. Price restrictions for restricted ownership units, homeowners' 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 et seq., 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 method used to determine the condominium association fee amounts and special assessments shall be indistinguishable between the low- and moderate-income unit owners and the market unit owners.
 - (d) The owners of restricted ownership units may apply to the administrative agent to increase the maximum sales price for the unit on the basis of capital improvements. Eligible capital improvements shall be those that render the unit suitable for a larger household or the addition of a bathroom.
 - (e) 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 (for example, 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 ten-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 the purpose of selling and receiving property

has taken place at the time of or as a condition of resale.

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 et seq., 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% of median income, and moderate-income ownership units shall be reserved for households with a gross household income less than 80% of median income.
2. Notwithstanding the foregoing, the administrative agent may, upon approval by the Township Council, and subject to the Court's approval, permit a moderate-income purchaser to buy a low-income unit if and only if the administrative agent can demonstrate that there is an insufficient number of eligible low-income purchasers in the housing region to permit prompt occupancy of the unit and all other reasonable efforts to attract a low-income purchaser, including pricing and financing incentives, have failed. Any such low-income unit that is sold to a moderate-income household shall retain the required pricing and pricing restrictions for a low-income unit.
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 homeowners' association fees, as applicable) does not exceed 33% of the household's certified 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 administrative agent shall determine in writing that the proposed indebtedness complies with the provisions of this section.
2. With the exception of original purchase money mortgages, during a control period 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% of the maximum allowable resale price of that unit, as such price is determined by the administrative agent in accordance with N.J.A.C. 5:80-26.6(b).

I. 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, and each restricted rental unit shall remain subject to the controls on affordability for a period of at least 30 years, until the municipality takes action to release the controls on affordability. Prior to such action, a restricted rental unit must remain subject to the requirements of N.J.A.C. 5:80-26.1 et seq., as may be amended and supplemented.
 - (a) Restricted rental units created as part of developments receiving 9% low-income-housing tax credits must comply with a control period of not less than a thirty-year compliance period plus a fifteen-year extended use period.
2. Rehabilitated renter-occupied housing units that are improved to code standards shall be subject to affordability controls for a period of 10 years.
3. 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 the County of Essex. A copy of the filed document shall be provided to the administrative agent within 30 days of the receipt of a certificate of occupancy.
4. A restricted rental unit shall remain subject to the affordability controls of this chapter, 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.

J. Price restrictions for rental units; leases.

1. A written lease shall be required for all restricted rental units, except for units in an assisted living residence, 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 5% 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 chapter.

K. 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% of median income.
 - (b) Low-income rental units shall be reserved for households with a gross household income less than or equal to 50% of median income.
 - (c) Moderate-income rental units shall be reserved for households with a gross household income less than 80% 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% (40% 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 exist:
 - (a) The household currently pays more than 35% (40% 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% (40% 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 proposed 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 in Subsection K.2(a) through (e) above with the administrative agent, who shall counsel the household on budgeting.

L. Conversions.

1. Each housing unit created through the conversion of a nonresidential structure shall be considered a new housing unit and shall be subject to the affordability controls for a new housing unit.

M. Alternative living arrangements.

1. The administration of an alternative living arrangement shall be in compliance with N.J.A.C. 5:93-5.8 and UHAC, with the following exceptions:
 - (a) 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;

(b) Affordability average and bedroom distribution (N.J.A.C. 5:80-26.3).

2. With the exception of units established with capital funding through a twenty-year operating contract with the Department of Human Services, Division of Developmental Disabilities, alternative living arrangements shall have at least thirty-year controls on affordability in accordance with UHAC, unless an alternative commitment is approved by the Court.
3. 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.

§150-19.5. Administration

A. Establishment of Municipal Housing Liaison position and compensation; powers and duties.

1. Establishment of position of Municipal Housing Liaison. There is hereby established the position of the Municipal Housing Liaison for Verona.
2. Subject to the approval of the Superior Court (Court), the Municipal Housing Liaison shall be appointed by the governing body and may be a full- or part-time municipal employee.
3. The Municipal Housing Liaison shall be responsible for oversight and administration of the affordable housing program for Verona, including the following responsibilities which may not be contracted out:
 - (a) Serving as Verona's primary point of contact for all inquiries from the state, affordable housing providers, administrative agents, and interested households;
 - (b) The implementation of affirmative marketing plans and affordability controls;
 - (c) Monitoring the status of all restricted units in Verona's fair share plan;
 - (d) Compiling, verifying, and submitting annual reporting as required by the Court;
 - (e) Coordinating meetings with affordable housing providers and administrative agents, as applicable;
 - (f) Attending continuing education programs as may be required by the Court;
 - (g) If applicable, serving as the administrative agent for some or all of the restrictive units in Verona as described in Subsection 6 below or supervising and coordinating with any contracted administrative agent.
4. Compensation. Compensation shall be fixed by the governing body at the time of the appointment of the Municipal Housing Liaison.

B. Administrative Agent

1. Subject to approval by COAH, any successor agency, or a Court of competent jurisdiction, Verona may contract with or authorize a consultant, authority, government or any agency charged by the governing body, which entity shall have the responsibility of administering the affordable housing program of Verona. If Verona contracts with another entity to administer all or part of the affordable housing program, including the affordability controls and affirmative marketing plan, the Municipal Housing Liaison shall supervise the contracting administrative agent.
2. Administrative powers and duties assigned to the Municipal Housing Liaison or contracted administrative agent shall be as follows:
 - (a) Affirmative marketing.

- (1) Conducting an outreach process to ensure affirmative marketing of affordable housing units in accordance with the affirmative marketing plan of Verona and the provisions of N.J.A.C. 5:80-26.15.
 - (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 very-low, 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 Appendixes 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 the random selection process as provided in the affirmative marketing plan of Verona when referring households for certification to affordable units.
 - (7) Notifying the following entities of the availability of affordable housing units in the Township of Verona: the Fair Share Housing Center, the New Jersey State Conference of the NAACP, the Latino Action Network, the Newark NAACP, the Oranges and Maplewood NAACP, Morris County NAACP, Elizabeth NAACP, and the Supportive Housing Association.
- (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 appropriate county's register of deeds or 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 certificates pursuant to N.J.A.C. 5:80-26.10.
- (d) Records retention.
- (e) Resale and rental.
- (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 rental; and

- (2) Instituting and maintaining an effective means of communicating information to very-low, low-, and moderate-income households regarding the availability of restricted units for resale or re-rental.
- (f) Communicating with 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 so that the amount of indebtedness to be incurred will not violate the terms of this chapter;
 - (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) Processing requests and making determinations on requests by owners of restricted units for hardship waivers.
- (g) Enforcement.
- (1) Ensure that all restricted units are identified as affordable within the Tax Assessor's office and any municipal utility authority (MUA) and upon notification to the administrative agent of change in billing address, payment delinquency of two consecutive billing cycles, transfer of title, or institution of a writ of foreclosure on all affordable units, 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 acknowledgment 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 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 or other appropriate municipal fund approved by the DCA;
 - (6) Establishing a rent-to-equity program;
 - (7) Establishing a program for diverting unlawful rent payments to the municipality's affordable housing trust fund
 - (8) Creating and publishing a written operating manual, as approved by the Township Council and COAH, its successor agency, or Court of competent jurisdiction, setting forth procedures for administering such affordability controls; and
 - (9) Providing annual reports to COAH, its successor agency, or Court of competent jurisdiction as required.
- (h) The administrative agent shall have authority to take all actions necessary and appropriate to carry out its responsibilities hereunder.

C. Enforcement of affordable housing regulations.

1. 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, municipal fines, a requirement for household recertification, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in the violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.
2. 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 against the owner, developer or tenant for any violation that remains uncured for a period of 60 days after service of the written notice:
 - (a) 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 found 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:
 - (1) A fine of not more than \$500 or imprisonment for a period not to exceed 90 days, or both. Each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not as a continuing offense;
 - (2) In the case of an owner who has rented his or her low- or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Township of Verona affordable housing trust fund of the gross amount of rent illegally collected;
 - (3) In the case of an owner who has rented his or her 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.
 - (b) The municipality may file a court action in the Superior Court seeking a judgment, which would result in the termination of the owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any 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- and moderate-income unit.
3. Such 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 the right to possession terminated as well as the title conveyed pursuant to the Sheriff's sale.
4. 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 aforesaid, the violating owner shall be personally responsible for and to the 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 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.

5. 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.
6. 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 which would have been realized from an actual sale as previously described.
7. 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.
8. The owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions of governing affordable housing units until such time as title is conveyed from the owner.

D. Appeals

1. Appeals from all decisions of an administrative agent designated pursuant to this chapter shall be filed in writing with the Township.

§150-19.6. Affordable housing set-aside.

- A. Any site plan or subdivision application that creates five (5) or more new dwelling units shall set-aside 15% of the new units in a rental development, and 20% of the new units in a for-sale development, for low- and moderate-income households consistent with the requirements of this Article. No property shall be subdivided so as to avoid compliance with this requirement. Moreover, this provision governs municipal actions and shall not entitle any property owner or developer to such action by the Township.

Article XXI

Development Fee

§ 150-21.1 Purpose.

In *Holmdel Builders' 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, *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. This article establishes the standards for the collection, maintenance, and expenditure of development fees pursuant to COAH's rules. 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.

§ 150-21.2 Basic requirements.

The Township of Verona shall not spend development fees until the Superior Court (Court) has

approved a plan for spending such fees and the Township of Verona has received third round substantive certification from COAH or a judgment of compliance from the Court.

§ 150-21.3 Residential development fees.

- A. Within all of the Township of Verona Zoning Districts, residential developers shall pay a fee of 1% of the equalized assessed value for residential development, provided no increased density is permitted.
- B. When an increase in residential density pursuant to *N.J.S.A. 40:55D-70d(5)* (known as a "d" variance) has been permitted, developers may be required to pay a development fee of 6% of the equalized assessed value for each additional unit that may be realized.

Example: If an approval allows for four units to be constructed on a site that was zoned for two units, the fees could equal 1% of the equalized assessed value on the first two units, and 6% of the equalized assessed value for the additional two units. However, if the zoning on the site has changed during the two-year period preceding the filing of such a variance application, the 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.

§ 150-21.4 Nonresidential development fees.

- A. Within all zoning districts, non-residential developers, except for developers of the types of development specifically exempted, shall pay a fee equal to two and one-half (2.5) percent of the equalized assessed value of the land and improvements, for all new non-residential construction on an unimproved lot or lots.
- B. Non-residential developers, except for developers of the types of development specifically exempted, shall also pay a fee equal to two and one-half (2.5) percent of the increase in equalized assessed value resulting from any additions to existing structures to be used for non-residential purposes.
- C. Development fees shall be imposed and collected when an existing structure is demolished and replaced. The development fee of two and a half percent (2.5%) shall be calculated on the difference between the equalized assessed value of the pre-existing land and improvement and the equalized assessed value of the newly improved structure, i.e land and improvement, at the time final certificate of occupancy is issued. If the calculation required under this section results in a negative number, the non-residential development fee shall be zero.

§ 150-21.5 Eligible exactions; ineligible exactions and exemptions.

- A. The non-residential portion of a mixed-use inclusionary or market rate development shall be subject to the two and a half (2.5) percent development fee, unless otherwise exempted below.
- B. The 2.5 percent fee shall not apply to an increase in equalized assessed value resulting from alterations, change in use within existing footprint, reconstruction, renovations and repairs.
- C. Nonresidential developments shall be exempt from the payment of nonresidential development fees in accordance with the exemptions required pursuant to the Statewide Non-Residential Development Fee Act (*N.J.S.A. 40:55D-8.1 through 8.7*), as specified in Form N-RDF "State of New Jersey Non-Residential Development Certification/Exemption." Any exemption claimed by a developer shall be substantiated by that developer.
- D. A developer of a nonresidential development exempted from the nonresidential development fee pursuant to the Statewide Non-Residential Development Fee Act shall be subject to the fee at such time as the basis for the exemption no longer applies, and shall make the payment of the nonresidential development fee, in that event, within three years after that event or after the issuance of the final certificate of occupancy for the nonresidential development, whichever is later.
- E. If a property which was exempted from the collection of a nonresidential 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 Township of Verona as a lien against the real property of the owner.

§ 150-21.6 Collection of fees.

- A. Upon the granting of a preliminary, final or other applicable approval for a development, the applicable approving authority or entity shall notify or direct its staff to notify the construction official responsible for the issuance of a building permit.
- B. For non-residential developments only, the developer shall also be provided with a copy of Form 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.
- C. The construction official responsible for the issuance of a building permit shall notify the local tax assessor of the issuance of the first building permit for a development which is subject to a development fee.
- D. Within 90 days of receipt of that notice, the municipal tax assessor, based on the plans filed, shall provide an estimate of the equalized assessed value of the development.
- E. The construction official responsible for the issuance of a final certificate of occupancy shall notify the local assessor of any and all requests for the scheduling of a final inspection on property which is subject to a development fee.
- F. Within 10 business days of a request for the scheduling of a final inspection, the municipal assessor shall confirm or modify the previously estimated equalized assessed value of the improvements of the development; calculate the development fee; and thereafter notify the developer of the amount of the fee.
- G. Should the Township of Verona 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 (*N.J.S.A. 40:55D-8.6*).
- H. Fifty percent of the development fee shall be collected at the time of issuance of the building permit. The remaining portion shall be collected at the time of 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 the issuance of the certificate of occupancy. No certificate of occupancy shall be issued to the developer until all remaining developer fees have been paid in full.

§ 150-21.7 Contested 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 Verona Township. 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 Verona Township. 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.

§ 150-21.8 Affordable housing trust fund.

- A. There is hereby created a separate, interest-bearing housing trust fund in Investors Bank (aka Citizen's Bank) for the purpose of depositing development fees collected from residential and nonresidential developers and proceeds from the sale of units with extinguished

controls. All development fees paid by developers pursuant to this article shall be deposited into this fund. The following additional funds shall be deposited in the affordable housing trust fund and shall at all times be identifiable by source and amount:

- (1) Payments in lieu of on-site construction of affordable units;
 - (2) Developer-contributed funds to make 10% of the adaptable entrances in a townhouse or other multistory attached development accessible;
 - (3) Rental income from municipally operated units;
 - (4) Repayments from affordable housing program loans;
 - (5) Recapture funds;
 - (6) Proceeds from the sale of affordable units; and
 - (7) Any other funds collected in connection with Verona's affordable housing program.
- B. Within seven days from the opening of the trust fund account, Township of Verona shall provide the Court with written authorization, in the form of a three-party escrow agreement between the Township, Investors Bank (aka Citizen's Bank), and a Court-approved entity to permit the Court-approved entity to direct the disbursement of the funds as provided for in N.J.A.C. 5:93-8. The Superior Court shall now have such jurisdiction to direct the disbursement of the Township's trust funds per N.J.A.C. 5:93-8.
- C. No funds shall be expended from the affordable housing trust fund unless the expenditure conforms to a spending plan approved by the Court. All interest accrued in the housing trust fund shall only be used on eligible affordable housing activities approved by the Court.

§ 150-21.9 Use of funds.

- A. Funds deposited in the housing trust fund may be used for any activity approved by the Court to address the Township's fair share. 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 nonresidential 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. 5:93-8 and specified in the approved spending plan. The expenditure of all funds shall conform to a spending plan approved by the Court.
- B. Funds shall not be expended to reimburse Township of Verona for past housing activities.
- C. After subtracting development fees collected to finance an RCA, a rehabilitation program or a new construction project that are necessary to address the Township of Verona's affordable housing obligation, at least 30% of the balance remaining shall be used to provide affordability assistance to low- and moderate-income households in affordable units included in the municipal fair share plan. One-third of the affordability assistance portion of development fees collected shall be used to provide affordability assistance to those households earning 30% or less of median income by region.
- (1) Affordability assistance programs may include down payment assistance, security deposit assistance, low interest loans, and rental assistance.
 - (2) Affordability assistance to households earning 30% or less of median income may include buying down the cost of low- or moderate-income units in the third-round municipal fair share plan to make them affordable to households earning 30% or less of median income.

- (3) Payments in lieu of constructing affordable units on site and funds from the sale of units with extinguished controls shall be exempt from the affordability assistance requirement.
- D. Township of Verona 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. 5:93-8.16.
- E. No more than 20% of the revenues collected from development fees each year, exclusive of the fees used to fund an RCA, shall be expended on administration, including, but not limited to, salaries and benefits for municipal employees or consultant fees necessary to develop or implement a new construction program, a housing element and fair share plan, and/or an affirmative marketing program. In the case of a rehabilitation program, no more than 20% 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 monitoring requirements of the Court-approved Settlement Agreement with Fair Share Housing Center. Development fee administrative costs are calculated and may be expended at the end of each year or upon receipt of the fees. 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.

§ 150-21.10 Monitoring.

On the anniversary of the Judgment of Compliance and Repose for every year through 2025, Verona shall provide annual reporting of trust fund activity to the New Jersey Department of Community Affairs ("DCA"), COAH, or Local Government Services ("LGS"), or other entity designated by the State of New Jersey, with a copy provided to Fair Share Housing Center and posted on the municipal website, using forms developed for this purpose by the DCA, COAH, or LGS. This reporting shall include an accounting of all housing trust fund activity, including the collection of development fees from nonresidential 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 Verona's housing program, as well as to the expenditure of revenues and implementation of the plan approved by the Court.

§ 150-21.11 Ongoing collection of fees.

The ability for the Township of Verona to impose, collect and expend development fees shall expire with its Judgment Of Compliance and Repose, unless the Township of Verona has filed an adopted housing element and fair share plan with the Court or other appropriate jurisdiction, has petitioned for declaratory judgment or substantive certification, and has received the Court's approval of its development fee ordinance. If the Township of Verona fails to renew its ability to impose and collect development fees prior to the expiration of its Judgment of Compliance and Repose or substantive certification, it may be subject to forfeiture of any or all funds remaining within its municipal trust fund. Any funds so forfeited shall be deposited into the New Jersey Affordable Housing Trust Fund established pursuant to Section 20 of P.L. 1985, c. 222 (N.J.S.A. 52:27D-320).

SECTION TWO: REPEAL OF INCONSISTENT PROVISIONS

All ordinances or parts thereof in conflict or inconsistent with this Ordinance are hereby repealed, but only to the extent of such conflict or inconsistency, it being the legislative intent that all such ordinances or part of ordinances now existing or in effect unless the same are in conflict or inconsistent with any provision of this Ordinance shall remain in effect.

SECTION THREE: SEVERABILITY

The provisions of this Ordinance are declared to be severable and if any section, subsection, sentence, clause or phrase thereof for any reason be held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining sections, subsections, sentences, clauses and phrases of this Ordinance, but shall remaining in effect; it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

SECTION FOUR: EFFECTIVE DATE

This Ordinance shall take effect immediately upon passage and publication as provided by law.

SECTION FIVE: CODIFICATION

This ordinance shall be a part of the Code of the Township of Verona as though codified and fully set forth therein. The Municipal Clerk shall have this ordinance codified and incorporated in the official copies of the Code.

The Municipal Clerk and the Township Attorney are authorized and directed to change any Chapter, Article and/or Section number of the Code of the Township of Verona in the event that the codification of this Ordinance reveals that there is a conflict between the numbers and the existing Code, and in order to avoid confusion and possible accidental repealers of existing provisions not intended to be repealed.

ATTEST:

JENNIFER KIERNAN
MUNICIPAL CLERK

I HEREBY CERTIFY THAT THE AFOREMENTIONED ORDINANCE WAS PUBLISHED IN THE STAR LEDGER, A NEWSPAPER PUBLISHED IN THE COUNTY OF ESSEX AND CIRCULATED IN THE TOWNSHIP OF VERONA, IN THE ISSUE OF MAY 5, 2023 AND XXX

JENNIFER KIERNAN
MUNICIPAL CLERK

INTRODUCTION: May 1, 2023
PUBLIC HEARING:
EFFECTIVE DATE:

APPENDIX

15

SETTLEMENT AGREEMENT WITH FAIR SHARE HOUSING CENTER



Peter J. O'Connor, Esq.
Adam M. Gordon, Esq.
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February 23, 2021

Brian T. Giblin Sr., Esq.
Giblin & Gannaio, LLC
2 Forest Ave Suite 200
Oradell, NJ 07649

**Re: In the Matter of the Township of Verona, County of Essex,
Docket No. ESX L-4773-15**

Dear Mr. Giblin:

This letter memorializes the terms of an agreement reached between the Township of Verona (the Township or "Verona"), the declaratory judgment plaintiff, and Fair Share Housing Center (FSHC), a Supreme Court-designated interested party in this matter in accordance with In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015)(Mount Laurel IV) and, through this settlement, a defendant in this proceeding.

Background

Verona filed the above-captioned matter on July 2, 2015 seeking a declaration of its compliance with the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq. in accordance with In re N.J.A.C. 5:96 and 5:97, supra. Through the declaratory judgment process, the Township and FSHC agreed to settle the litigation and to present that settlement to the trial court with jurisdiction over this matter to review, recognizing that the settlement of Mount Laurel litigation is favored because it avoids delays and the expense of trial and results more quickly in the construction of homes for lower-income households.

Settlement terms

The Township and FSHC hereby agree to the following terms:

1. FSHC agrees that the Township, through the adoption of a Housing Element and Fair Share Plan conforming with the terms of this Agreement (hereafter "the Plan") and through the implementation of the Plan and this Agreement, satisfies its obligations under the Mount Laurel doctrine and Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq., for the Prior Round (1987-1999) and Third Round (1999-2025).
2. At this time and at this particular point in the process resulting from the Supreme Court's Mount Laurel IV decision, when Third Round fair share obligations have yet to be definitively determined, it is appropriate for the parties to arrive at a settlement regarding a municipality's Third Round present and prospective need instead of doing so through plenary adjudication of the present and prospective need.

3. FSHC and Verona hereby agree that Verona's affordable housing obligations are as follows:

Rehabilitation Share (per Kinsey Report ¹)	23
Prior Round Obligation (pursuant to <u>N.J.A.C. 5:93</u>)	24
Third Round (1999-2025) Prospective Need (per Hon. Judge Jacobson March 2018 decision ²)	215

4. For purposes of this Agreement, the Third Round Prospective Need shall be deemed to include the Gap Period Present Need, which is a measure of households formed from 1999-2015 that need affordable housing, that was recognized by the Supreme Court in In re Declaratory Judgment Actions Filed By Various Municipalities, 227 N.J. 508 (2017).
5. The Township's efforts to meet its present need include the following: The Township may conduct a structural conditions survey in accordance with the applicable rules and processes of the Council on Affordable Housing. This survey shall be submitted for review to the Special Master and FSHC at least 60 days prior to the compliance hearing in this matter, in the event the survey demonstrates that there is not a Rehabilitation obligation, and if that conclusion is accepted by the Special Master and FSHC, the Township shall have no obligation to administer a rehabilitation program. In the event that there is a rehabilitation obligation demonstrated by the survey or that the municipality does not conduct a survey and therefore accepts the 23-unit obligation, the municipality plans to meet this obligation through participation in the Essex County Home Improvement Program and through a supplemental municipally operated rehabilitation program that shall be available to rental units. Said municipal program shall meet the requirements in N.J.A.C.5:93-5.2.

¹ David N. Kinsey, PhD, PP, FAICP, NEW JERSEY LOW AND MODERATE INCOME HOUSING OBLIGATIONS FOR 1999-2025 CALCULATED USING THE NJ COAH PRIOR ROUND (1987-1999) METHODOLOGY, July 2016.

² In The Matter of the Application of the Municipality of Princeton, Docket No. MER-L-1550-15 (Law Div. 2018)

6. As noted above, the Township has a Prior Round prospective need of 24 units, which is met through the following compliance mechanisms:

Satisfaction of the 24-Unit Prior Round Obligation				
Project	Unit Type	Units	Bonus Credits	Total Credits
Hillwood Senior Housing (6 of 59)	Senior Rental	6	0	6
ARC of Essex County	Special Needs Rental	6	6	12
Jewish Services Group Home	Special Needs Rental	2	0	2
Spectrum 360, LLC (4 of 15)	Family Rental	4	0	4
Total		18	6	24

7. The Township has implemented or will implement the following mechanisms to address its Third Round prospective need of 215 units:

Satisfaction of the 215-Unit Third Round Obligation				
Project	Unit Type	Units	Bonus Credits	Total Credits
Hillwood Senior Housing (53 of 59)	Senior Rental	53	0	53
Spectrum 360, LLC (11 of 15)	Family Rental	11	11	22
Cameco 100% Affordable	Family Rental	95	43	138
Project Live	Special Needs Rental	3	0	3
Total		162	54	216

8. In addition to meeting the 215-unit third round obligation, the Township agrees to the implement the following mechanisms:
- A. Maintain its current mandatory set-aside ordinance, known as Ordinance 2018-25, and adopted on October 15, 2018. This ordinance requires land currently zoned for nonresidential uses and subsequently receives a zoning change or use variance to permit multi-family residential development, or land that is currently zoned for residential uses and receives a zoning change or density variance to permit higher density multi-family residential development, provided the number of dwelling units is five (5) or more than the number of units previously permitted, to include an affordable housing set-aside on all such additional units beginning at five (5) or more over the number of units previously permitted of 15%, if the affordable units will be for rent, and 20% if the affordable units will be for sale.

- B. Adopt overlay zoning for Block 1807, Lots 2-12, 14. This ordinance shall permit mixed use development composed of residential and nonresidential uses, including but not limited to multi-family housing on upper stories where facing Bloomfield Avenue and all stories where facing other streets. The maximum density shall be not less than 22 du/ac. The maximum building height shall be 3 stories / 50 feet. The affordable housing set-aside shall be 15% where the affordable units are for rent and 20% where the affordable units are for sale.
9. The Township intends to provide a realistic opportunity for the development of affordable housing through the adoption of inclusionary zoning on the Spectrum 360, LLC site on Block 303, Lot 4. Development on the site shall be consistent with the Settlement Agreement between the Township of Verona and Spectrum 360, LLC, dated January 31, 2020.
 10. The Township will provide a realistic opportunity for the development of additional affordable housing that will be developed or created through means other than inclusionary zoning in the following ways:
 - A. Cameco 100% Affordable – Municipal Sponsored Construction on Block 2301, Lots 11, 12, 14, 15, 16, 17, 18 & 19. This site shall be developed with a 100% affordable family rental development composed of 95 units.

In accordance with N.J.A.C. 5:93-5.5, the Township recognizes that it must provide evidence that the municipality has adequate and stable funding for any non-inclusionary affordable housing developments. The municipality is required to provide a pro forma of both total development costs and sources of funds and documentation of the funding available to the municipality and/or project sponsor, and any applications still pending. In the case where an application for outside funding is still pending, the municipality shall provide a stable alternative source, such as municipal bonding, in the event that the funding request is not approved. The Township meets this obligation through adoption of a Resolution of Intent to Fund, which shall be adopted at the time of adoption of the Housing Element and Fair Share Plan.

In accordance with N.J.A.C. 5:93-5.5, for non-inclusionary developments, a construction or implementation schedule, or timetable, shall be submitted for each step in the development process: including preparation of a site plan, granting of municipal approvals, applications for State and Federal permits, selection of a contractor and construction. The schedule shall provide for construction to begin within two years of court approval of this settlement, except that the Township shall not be required to fund the development on the Cameco site until 30 days after the awards are announced in the second low income housing tax credit application process held by the New Jersey Housing and Mortgage Finance Agency after the execution of this agreement, even if that period of time is greater than two years. The municipality shall indicate the entity responsible for undertaking and monitoring the construction and overall development activity. The Township shall show how it meets these obligations as part of the Housing and Element and Fair Share Plan prepared pursuant to this Agreement.

The parties recognize the following with regard to payments being made by the Spectrum 360, LLC site to support the Cameco 100% affordable development: Spectrum 360, LLC is providing a payment of \$3,250,000 and is providing an on-site set-aside of 15 affordable units. The parties recognize that the payment by an inclusionary developer in lieu of

affordable housing may impact the ability of the Cameco 100% affordable development to receive public subsidies, including federal Low Income Housing Tax Credits. Verona recognizes that its obligation to support the development of the Cameco 100% affordable development may include providing financial subsidies for all or a portion of the needed funding that the development may not be eligible for in view of its connection to an inclusionary development.

11. The Township agrees to require 13% of all units referenced in this Agreement, excepting those units that were constructed or granted preliminary or final site plan approval prior to July 1, 2008, to be very low income units, with half of the very low income units being available to families. The municipality will comply with those requirements as follows:

Satisfaction of the 13% Very Low Income Obligation				
Projects Post July 1, 2008	Unit Type	Total Units	Very Low Income Units	
			Required	Provided
Spectrum 360, LLC	Family Rental	15	1.95	2
Cameco 100% Affordable	Family Rental	8595	11.0512.35	4412
Total		110	14.30	14

12. The Township shall meet its Third Round Prospective Need in accordance with the following standards as agreed to by the Parties and reflected in the table in paragraph 6 above:

- A. Third Round bonuses will be applied in accordance with N.J.A.C. 5:93-5.15(d).
- B. At least 50 percent of the units addressing the Third Round Prospective Need shall be affordable to very-low-income and low-income households with the remainder affordable to moderate-income households.
- C. At least twenty-five percent of the Third Round Prospective Need shall be met through rental units, including at least half in rental units available to families.
- D. At least half of the units addressing the Third Round Prospective Need in total must be available to families.
- E. The Township agrees to comply with an age-restricted cap of 25% and to not request a waiver of that requirement. This shall be understood to mean that in no circumstance may the municipality claim credit toward its fair share obligation for age-restricted units that exceed 25% of all units developed or planned to meet its cumulative prior round and third round fair share obligation.

13. The Township shall add to the list of community and regional organizations in its affirmative marketing plan, pursuant to N.J.A.C. 5:80-26.15(f)(5), Fair Share Housing Center, the New Jersey State Conference of the NAACP, the Latino Action Network (P.O.

Box 943, Freehold, NJ 07728), Oranges and Maplewood NAACP (P.O. Box 1127, East Orange, NJ 07019), Newark NAACP (P.O. Box 1262, Newark, NJ 07101, Morris County NAACP (P.O. Box 2256, Morristown, NJ 07962, Elizabeth NAACP (P.O. Box 6732, Elizabeth, NJ 07206), and the Supportive Housing Association. The Township shall, as part of its regional affirmative marketing strategies during its implementation of the affirmative marketing plan, provide notice to those organizations of all available affordable housing units. As part of its regional affirmative marketing strategies during implementation of its fair share plan, the Township and/or its Administrative Agent shall also provide notice of all available affordable housing units to the above-referenced organizations and ensure posting of all units on the New Jersey Housing Resource Center, <https://www.nj.gov/njhrc> consistent with applicable law. The Township also agrees to require any other entities, including developers or persons or companies retained to do affirmative marketing, to comply with this paragraph.

14. All units shall include the required bedroom distribution, be governed by controls on affordability and affirmatively marketed in conformance with the Uniform Housing Affordability Controls, N.J.A.C. 5:80-26.1 et. seq. or any successor regulation, with the exception that in lieu of 10 percent of affordable units in rental projects being required to be at 35 percent of median income, 13 percent of affordable units in such projects shall be required to be at 30 percent of median income, and all other applicable law. The Township as part of its HEFSP shall adopt and/or update appropriate implementing ordinances in conformance with standard ordinances and guidelines developed by COAH to ensure that this provision is satisfied. Income limits for all units that are part of the Plan required by this Agreement and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls pursuant to N.J.A.C. 5:80-26.1 shall be updated by the Township annually within 30 days of the publication of determinations of median income by HUD as follows:
 - A. Regional income limits shall be established for the region that the Township is located within (i.e. Region 4) based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the Township's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year.
 - B. The income limits attached hereto as Exhibit A are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for FY 2020, and shall be utilized until the Township updates the income

limits after HUD has published revised determinations of median income for the next fiscal year.

- C. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Township annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.
 - D. The parties agree to request the Court prior to or at the fairness hearing in this matter to enter an order implementing this paragraph of this Agreement.
15. All new construction units shall be adaptable in conformance with P.L.2005, c.350/N.J.S.A. 52:27D-311a and -311b and all other applicable law.
16. As an essential term of this Agreement, within one hundred and twenty (120) days of Court's approval of this Agreement, the Township shall introduce an ordinance or ordinances providing for the amendment of the Township's Affordable Housing Ordinance and Zoning Ordinance to implement the terms of this Agreement and the zoning contemplated herein and adopt a Housing Element and Fair Share Plan and Spending Plan in conformance with the terms of this Agreement.
17. The parties agree that if a decision of a court of competent jurisdiction in Essex County, or a determination by an administrative agency responsible for implementing the Fair Housing Act, or an action by the New Jersey Legislature, would result in a calculation of an obligation for the Township for the period 1999-2025 that would be lower by more than twenty (20%) percent than the total prospective Third Round need obligation established in this Agreement, and if that calculation is memorialized in an unappealable final judgment, the Township may seek to amend the judgment in this matter to reduce its fair share obligation accordingly. Notwithstanding any such reduction, the Township shall be obligated to adopt a Housing Element and Fair Share Plan that conforms to the terms of this Agreement and to implement all compliance mechanisms included in this Agreement, including by adopting or leaving in place any site specific zoning adopted or relied upon in connection with the Plan adopted pursuant to this Agreement; taking all steps necessary to support the development of any 100% affordable developments referenced herein; maintaining all mechanisms to address unmet need; and otherwise fulfilling fully the fair share obligations as established herein. The reduction of the Township's/ obligation below that established in this Agreement does not provide a basis for seeking leave to amend this Agreement or seeking leave to amend an order or judgment pursuant to R. 4:50-1. If the Township prevails in reducing its prospective need for the Third Round, the Township may carry over any resulting extra credits to future rounds in conformance with the then-applicable law.
18. The Township shall prepare a Spending Plan within the period referenced above in paragraph 16, subject to the review of FSHC and approval of the Court, and reserves the right to seek approval from the Court that the expenditures of funds contemplated under the Spending Plan constitute "commitment" for expenditure pursuant to N.J.S.A. 52:27D-329.2 and -329.3, with the four-year time period for expenditure designated pursuant to those provisions beginning to run with the entry of a final judgment approving this

settlement in accordance with the provisions of In re Tp. Of Monroe, 442 N.J. Super. 565 (Law Div. 2015) (aff'd 442 N.J. Super. 563). On the first anniversary of the execution of this Agreement, which shall be established by the date on which it is executed by a representative of the Township, and on every anniversary of that date thereafter through the end of the period of protection from litigation referenced in this Agreement, the Township agrees to provide annual reporting of trust fund activity to the New Jersey Department of Community Affairs, Council on Affordable Housing, or Local Government Services, or other entity designated by the State of New Jersey, with a copy provided to Fair Share Housing Center and posted on the municipal website, using forms developed for this purpose by the New Jersey Department of Community Affairs, Council on Affordable Housing, or Local Government Services. The reporting shall include an accounting of all housing trust fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

19. On the first anniversary of the execution of this Agreement, and every anniversary thereafter through the end of this Agreement, the Township agrees to provide annual reporting of the status of all affordable housing activity within the municipality through posting on the municipal website with a copy of such posting provided to Fair Share Housing Center, using forms previously developed for this purpose by the Council on Affordable Housing or any other forms endorsed by the Special Master and FSHC.
20. The Fair Housing Act includes two provisions regarding action to be taken by the Township during the ten-year period of protection provided in this Agreement. The Township agrees to comply with those provisions as follows:
 - A. The parties recognize that the date for the midpoint review has passed. The parties agree that the fairness hearing and compliance hearing process shall include an opportunity to be heard consistent with the midpoint review requirements of the statute.
 - B. For the review of very low income housing requirements required by N.J.S.A. 52:27D-329.1, within 30 days of the third anniversary of this Agreement, and every third year thereafter, the Township will post on its municipal website, with a copy provided to Fair Share Housing Center, a status report as to its satisfaction of its very low income requirements, including the family very low income requirements referenced herein. Such posting shall invite any interested party to submit comments to the municipality and Fair Share Housing Center on the issue of whether the municipality has complied with its very low income housing obligation under the terms of this settlement.
21. FSHC is hereby deemed to have party status in this matter and to have intervened in this matter as a defendant without the need to file a motion to intervene or an answer or other pleading. The parties to this Agreement agree to request the Court to enter an order declaring FSHC is an intervenor, but the absence of such an order shall not impact FSHC's rights.
22. This Agreement must be approved by the Court following a fairness hearing as required by Morris Cty. Fair Hous. Council v. Boonton Twp., 197 N.J. Super. 359, 367-69 (Law Div. 1984), aff'd o.b., 209 N.J. Super. 108 (App. Div. 1986); East/West Venture v. Borough of Fort Lee, 286 N.J. Super. 311, 328-29 (App. Div. 1996). The Township shall present its planner as a witness at this hearing. FSHC agrees to support this Agreement at the fairness hearing. In the event the Court approves this proposed settlement, the parties

contemplate the municipality will receive “the judicial equivalent of substantive certification and accompanying protection as provided under the FHA,” as addressed in the Supreme Court’s decision in In re N.J.A.C. 5:96 & 5:97, 221 N.J. 1, 36 (2015). The “accompanying protection” shall remain in effect through July 1, 2025. If this Agreement is rejected by the Court at a fairness hearing it shall be null and void.

23. The Township agrees to pay FSHC’s attorneys fees and costs in the amount of Five Thousand Dollars (\$5,000.00) within thirty (30) days of the Court’s approval of this Agreement pursuant to a duly-noticed fairness hearing.
24. If an appeal is filed of the Court’s approval or rejection of this Agreement, the Parties agree to defend the Agreement on appeal, including in proceedings before the Superior Court, Appellate Division and New Jersey Supreme Court, and to continue to implement the terms of this Agreement if the Agreement is approved before the trial court unless and until an appeal of the trial court’s approval is successful, at which point the Parties reserve their right to rescind any action taken in anticipation of the trial court’s approval. All Parties shall have an obligation to fulfill the intent and purpose of this Agreement.
25. This Agreement may be enforced through a motion to enforce litigant’s rights or a separate action filed in Superior Court, Essex County. A prevailing movant or plaintiff in such a motion or separate action shall be entitled to reasonable attorney’s fees.
26. Unless otherwise specified, it is intended that the provisions of this Agreement are to be severable. The validity of any article, section, clause or provision of this Agreement shall not affect the validity of the remaining articles, sections, clauses or provisions hereof. If any section of this Agreement shall be adjudged by a court to be invalid, illegal, or unenforceable in any respect, such determination shall not affect the remaining sections.
27. This Agreement shall be governed by and construed by the laws of the State of New Jersey.
28. This Agreement may not be modified, amended or altered in any way except by a writing signed by each of the Parties.
29. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same Agreement.
30. The Parties acknowledge that each has entered into this Agreement on its own volition without coercion or duress after consulting with its counsel, that each party is the proper person and possess the authority to sign the Agreement, that this Agreement contains the entire understanding of the Parties and that there are no representations, warranties, covenants or undertakings other than those expressly set forth herein.
31. Each of the Parties hereto acknowledges that this Agreement was not drafted by any one of the Parties, but was drafted, negotiated and reviewed by all Parties and, therefore, the presumption of resolving ambiguities against the drafter shall not apply. Each of the Parties expressly represents to the other Parties that: (i) it has been represented by counsel in connection with negotiating the terms of this Agreement; and (ii) it has conferred due authority for execution of this Agreement upon the persons executing it.

32. Any and all Exhibits and Schedules annexed to this Agreement are hereby made a part of this Agreement by this reference thereto. Any and all Exhibits and Schedules now and/or in the future are hereby made or will be made a part of this Agreement with prior written approval of both Parties.
33. This Agreement constitutes the entire Agreement between the Parties hereto and supersedes all prior oral and written agreements between the Parties with respect to the subject matter hereof except as otherwise provided herein.
34. No member, official or employee of the Township shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law, absent the need to invoke the rule of necessity.
35. Anything herein contained to the contrary notwithstanding, the effective date of this Agreement shall be the date upon which all of the Parties hereto have executed and delivered this Agreement.
36. All notices required under this Agreement ("Notice[s]") shall be written and shall be served upon the respective Parties by certified mail, return receipt requested, or by a recognized overnight or by a personal carrier. In addition, where feasible (for example, transmittals of less than fifty pages) shall be served by facsimile or e-mail. All Notices shall be deemed received upon the date of delivery. Delivery shall be affected as follows, subject to change as to the person(s) to be notified and/or their respective addresses upon ten (10) days notice as provided herein:

TO FSHC:

Adam Gordon, Esq.
Fair Share Housing Center
510 Park Boulevard
Cherry Hill, NJ 08002
Phone: (856) 665-5444
Telecopier: (856) 663-8182
E-mail: agordon@fairsharehousing.org

TO THE TOWNSHIP:

Matthew Cavallo, MPA, CPM, Manager
Verona Town Hall
600 Bloomfield Avenue
Verona, NJ 07044
Phone: (973) 857-4767
Telecopier: (973) 857-4270
Email: mcavallo@veronanj.org

**WITH A COPY TO THE
MUNICIPAL CLERK:**

Jennifer Kiernan, RMC, Clerk
Verona Town Hall
600 Bloomfield Avenue
Verona, NJ 07044
Phone: (973) 857-4770
Telecopier: (973) 857-8551
Email: jkiernan@veronanj.org

Please sign below if these terms are acceptable.

Sincerely,

Adam Gordon, Esq.
Counsel for Intervenor/Interested Party
Fair Share Housing Center

On behalf of the Township of Verona, with the authorization
of the governing body:



Matthew Cavallo, Township Manager

Dated: MARCH 10, 2021

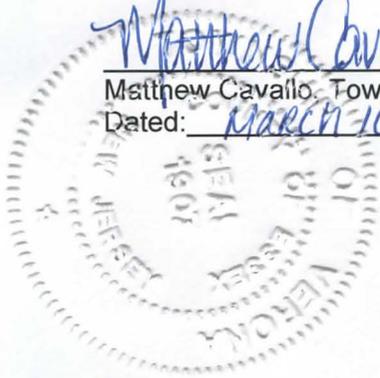


EXHIBIT A: 2020 INCOME LIMITS

Prepared by Affordable Housing Professionals of New Jersey (AHPNJ) - April 24, 2020

2020 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on AHPNJ.org

		1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8+ Person	Max Increase Rents** Sales***		Regional Asset Limit****
Region 1 Bergen, Hudson, Passaic and Sussex	Median	\$67,166	\$71,964	\$76,761	\$86,357	\$95,952	\$99,790	\$103,628	\$111,304	\$118,980	\$126,656	1.9%	0.84%	\$185,539
	Moderate	\$53,733	\$57,571	\$61,409	\$69,085	\$76,761	\$79,832	\$82,902	\$89,043	\$95,184	\$101,325			
	Low	\$33,583	\$35,982	\$38,381	\$43,178	\$47,976	\$49,895	\$51,814	\$55,652	\$59,490	\$63,328			
	Very Low	\$20,150	\$21,589	\$23,028	\$25,907	\$28,786	\$29,937	\$31,088	\$33,391	\$35,694	\$37,997			
Region 2 Essex, Morris, Union and Warren	Median	\$73,857	\$79,132	\$84,408	\$94,959	\$105,510	\$109,730	\$113,951	\$122,391	\$130,832	\$139,273	1.9%	4.71%	\$202,419
	Moderate	\$59,085	\$63,306	\$67,526	\$75,967	\$84,408	\$87,784	\$91,160	\$97,913	\$104,666	\$111,418			
	Low	\$36,928	\$39,566	\$42,204	\$47,479	\$52,755	\$54,865	\$56,975	\$61,196	\$65,416	\$69,636			
	Very Low	\$22,157	\$23,740	\$25,322	\$28,488	\$31,653	\$32,919	\$34,185	\$36,717	\$39,250	\$41,782			
Region 3 Hunterdon, Middlesex and Somerset	Median	\$83,650	\$89,625	\$95,600	\$107,550	\$119,500	\$124,280	\$129,060	\$138,620	\$148,180	\$157,740	1.9%	1.01%	\$227,546
	Moderate	\$66,920	\$71,700	\$76,480	\$86,040	\$95,600	\$99,424	\$103,248	\$110,896	\$118,544	\$126,192			
	Low	\$41,825	\$44,813	\$47,800	\$53,775	\$59,750	\$62,140	\$64,530	\$69,310	\$74,090	\$78,870			
	Very Low	\$25,095	\$26,888	\$28,680	\$32,265	\$35,850	\$37,284	\$38,718	\$41,586	\$44,454	\$47,322			
Region 4 Mercer, Monmouth and Ocean	Median	\$76,469	\$81,931	\$87,393	\$98,317	\$109,242	\$113,611	\$117,981	\$126,720	\$135,460	\$144,199	1.9%	5.96%	\$205,486
	Moderate	\$61,175	\$65,545	\$69,915	\$78,654	\$87,393	\$90,889	\$94,385	\$101,376	\$108,368	\$115,359			
	Low	\$38,235	\$40,966	\$43,697	\$49,159	\$54,621	\$56,806	\$58,990	\$63,360	\$67,730	\$72,099			
	Very Low	\$22,941	\$24,579	\$26,218	\$29,495	\$32,772	\$34,083	\$35,394	\$38,016	\$40,638	\$43,260			
Region 5 Burlington, Camden and Gloucester	Median	\$67,620	\$72,450	\$77,280	\$86,940	\$96,600	\$100,464	\$104,328	\$112,056	\$119,784	\$127,512	1.9%	7.21%	\$179,028
	Moderate	\$54,096	\$57,960	\$61,824	\$69,552	\$77,280	\$80,371	\$83,462	\$89,645	\$95,827	\$102,010			
	Low	\$33,810	\$36,225	\$38,640	\$43,470	\$48,300	\$50,232	\$52,164	\$56,028	\$59,892	\$63,756			
	Very Low	\$20,286	\$21,735	\$23,184	\$26,082	\$28,980	\$30,139	\$31,298	\$33,617	\$35,935	\$38,254			
Region 6 Atlantic, Cape May, Cumberland, and Salem	Median	\$57,458	\$61,562	\$65,666	\$73,874	\$82,083	\$85,366	\$88,649	\$95,216	\$101,782	\$108,349	1.9%	6.97%	\$153,730
	Moderate	\$45,966	\$49,250	\$52,533	\$59,100	\$65,666	\$68,293	\$70,919	\$76,173	\$81,426	\$86,679			
	Low	\$28,729	\$30,781	\$32,833	\$36,937	\$41,041	\$42,683	\$44,325	\$47,608	\$50,891	\$54,175			
	Very Low	\$17,237	\$18,469	\$19,700	\$22,162	\$24,625	\$25,610	\$26,595	\$28,565	\$30,535	\$32,505			

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

* These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).

**This column is used for calculating the pricing for rent increases for units (as previously calculated under N.J.A.C. 5:97-9.3 (Consumer price Index for All Urban Consumers (CPI-U): Regions by expenditure category and commodity and service group). Landlords who did not increase rents in 2015, 2016, 2017, 2018 or 2019 because of the lack of authority to do so, may increase rent by up to the applicable combined percentage including 2020 or 9.0% whichever is less in accordance with N.J.A.C. 5:97-9.3(c). In no case can rent for any particular apartment be increased more than one time per year.

*** This column is used for calculating the pricing for resale increases for units (as previously calculated under N.J.A.C. 5:97-9.3). 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.

Low income tax credit developments may increase based on the low income tax credit regulations.

**** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.

**TOWNSHIP OF VERONA
COUNTY OF ESSEX, STATE OF NEW JERSEY**

RESOLUTION No. 2021-046

A motion was made by Deputy Mayor Roman; seconded by Councilman Ryan that the following resolution be adopted:

**AUTHORIZING THE EXECUTION OF A SETTLEMENT AGREEMENT
WITH FAIR SHARE HOUSING CENTER WITH REGARD
TO DOCKET NO. ESX-L-4773-15**

WHEREAS, the Township filed a Complaint for Declaratory Judgment on July 2, 2015, in the Superior Court of New Jersey in a Mount Laurel litigation that was consolidated into the matter which became known as "In All Declaratory Judgment Actions Filed by Various Municipalities, County of Essex, Pursuant to the Supreme Court's Decision in In Re Adoption of N.J.A.C. 5:96, 221 N.J. 1 (2015)," Docket No. ESX-L-4773-15 (the "DJ Action"); and

WHEREAS, in the DJ Action, the Township sought a declaration from the Court that its Zoning Code and Housing Element are constitutionally compliant with the Court's Mount Laurel Doctrine and a judgment of compliance and a judgment of repose that would protect the Township from Builders' Remedy lawsuits; and

WHEREAS, Fair Share Housing Center (FSHC) is a Supreme Court-designated interested party in this matter in accordance with In re N.J.A.C. 5:96 and 5:97, 221 N.J. 1, 30 (2015)(Mount Laurel IV);

WHEREAS, through the declaratory judgment process, the Township and FSHC agreed to settle the litigation and to present that settlement to the trial court with jurisdiction over this matter to review, recognizing that the settlement of Mount Laurel litigation is favored because it avoids delays and the expense of trial and results more quickly in the construction of homes for lower-income households.

WHEREAS, the Township and FSHC desire to memorialize the terms and conditions of the settlement in the form of an agreement (the "Settlement Agreement").

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Verona, in the County of Essex, New Jersey as follows:

1. The preamble to this Resolution is hereby incorporated as if more fully set forth herein.
2. The Township Manager and the Township Clerk are hereby authorized to execute the Settlement Agreement, in the form attached hereto as Exhibit A, with such changes, omissions or amendments as the Township Manager deems appropriate in consultation with the Township Attorney, the Township's affordable housing counsel, bond counsel, financial consultant and other professionals.
3. This resolution shall take effect immediately.

ROLL CALL:

AYES: McGrath, Roman, Ryan, Roman

NAYS:

ABSTAIN: McEvoy

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF A RESOLUTION ADOPTED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF VERONA AT THE REGULAR MEETING HELD ON MARCH 8, 2021.


JENNIFER KIERNAN
MUNICIPAL CLERK



FILED

8:42 am, Sep 15, 2021

GIBLIN & GANNAIO

Brian T. Giblin, Sr. - 024321987

Brian T. Giblin, Jr. - 113242014

btgiblin@msn.com

2 Forest Ave - Suite 200

Oradell, New Jersey 07649

(201) 262 - 9500

Attorneys for Plaintiffs

Township of Verona

IN THE MATTER OF THE TOWNSHIP OF
VERONA, a municipal corporation of the
State of New Jersey

Plaintiff/Petitioner

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: ESSEX COUNTY

DOCKET NO.: ESX-L-4773-15

CIVIL ACTION
Mount Laurel Action

ORDER OF FAIRNESS

THIS MATTER comes before the Court upon the Declaratory Judgment Complaint of Petitioner, Township of Verona ("Verona" or "Petitioner"), seeking a determination that the Township has complied with its Mount Laurel Obligation, in accordance with the procedures set forth in *In Re Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing*, 221 N.J. 1 (2015) (Mount Laurel IV), and

THE COURT HAVING conducted a Final Hearing on April 30, 2021, in accordance with the requirements of *Morris County Fair Housing Council v. Boonton Township*, 197 N.J. Super. 359, 364 (Law Div. 1984) aff'd o.b, 209 N.J. Super. 208 (App Div. 1986) and *East/West Venture v. Borough of Fort Lee*, 286 N.J. Super. 311, 328 (App. Div. 1996), upon the Borough's proposed plan to provide for affordable housing, in the presence of Elizabeth McManus, Court Appointed Special Master; Brian Giblin, Esq., attorney for Plaintiff/Petitioner; Derek Orth, Esq., attorney for Intervenor Spectrum 360, and Josh Bauers, Esq., attorney for Intervenor Fair Share Housing Center ("FSHC"), and, sufficient notice of this hearing haven been given on March 29, 2021, in accordance with *In the Matter of the Adoption of N.J.A.C. 5:96 and 5:97 by the New Jersey Council on Affordable Housing*, 221 N.J. 1 (2015) ("Mount Laurel IV") and *Morris County Fair Housing Council v. Boonton Tp.*, 197 N.J. Super. 359 (Law Div. 1984), by publication in the Star Ledger, a copy of which was submitted to the Court and marked as Exhibit P-1, and by mailing notices to all interest parties on the Township's service list; and,

THE COURT HAVING received the testimony of the Township's Professional Planner, Chelsea Gleiss and the testimony of the Court Appointed Special Master, Elizabeth McManus; and,

THE COURT HAVING received into evidence the Report of the Special Master, dated April 28, 2021, and marked as Exhibit C-2 ("the Report") evaluating the fairness of the Township's Settlement Agreement with Fair Share Housing Center, based on the criteria set forth in *East/West Venture v. Township of Fort Lee*, 286 N.J. Super 311 (App. Div. 1996) for approving a settlement of a Mount Laurel Litigation; and

IT IS ON THIS 15th ^{September} ~~day of August~~, 2021, **ORDERED AND ADJUDGED**

1. Petitioner properly afforded notice of the Fairness Hearing in accordance with governing law.
2. Pursuant to the judicial standard set forth in *East/West Venture v. Bor. of Fort Lee*, 286 N.J. Super. 311 (App. Div. 1996), the FSHC Agreement is fair, reasonable, and adequately protects the interests of the region's low- and moderate-income households, and the Court therefore approves same.
3. The Court preliminarily finds that the Townships proposed Affordable Housing Plan, as set forth within the FSHC Agreement, facially creates a realistic opportunity to satisfy the Township's fair share of the regional need for affordable housing, subject to confirmation by the Court during a duly-notice Compliance Haring.
4. As set forth in the Settlement Agreement between Fair Share Housing Center and the Township of Verona dated February 23, 2021, and established at the April 30, 2021, Fairness Hearing, the Township's cumulative 1987-2025 third round Mount Laurel affordable housing obligation comprised of:
 - a. A Present Need Obligation of 23 housing units;
 - b. A Prior Round Obligation of 24 housing units;
 - c. A Third Round Prospective Need Obligation of 215 housing units
5. The findings, conclusions and grant of Judgment set forth herein are conditioned upon the satisfaction of the following requirements: The Township shall, within 120 days of entry of this Judgment, submit to the Special Master the following supplementary material needed to verify credit eligibility:

- i. The Township shall provide all crediting documentation and a draft affordable housing ordinance to the Special Master and FSHC within sixty (60) calendar days of the entry date of this Order for all parties to review and comment on.
- ii. The Township's mandatory affordable housing set-aside ordinance shall be applicable to all new multi-family residential developments of five (5) or more units (whether for sale or rental) and shall be at twenty (20%) percent for units that are for sale and fifteen percent (15%) for rental units.
- iii. The Township shall prepare and adopt, within one hundred and twenty (120) calendar days of the entry date of this Order, an amended Housing Element and Fair Share Plan (HEFSP) and Spending Plan.
- iv. The Ordinance referred to in Section 6(ii) above shall be both amending the Township's Affordable Housing Ordinance, and, where applicable, the Township's Zoning Ordinances to effectuate this Agreement.
- v. At least fifty percent (50%) of all affordable housing units addressing the Township's Third Round Prospective Need (1998-2025) shall be affordable to low-income households, of which thirteen percent (13%) of said affordable housing units shall be reserved for very low income households. The remainder of the affordable housing units shall be affordable to moderate income households. Very low income, low income and moderate income are as defined by an amended to the Fair Housing Act.
- vi. At least twenty-five percent (25%) of the Township's Third Round Prospective Affordable Housing Need shall be met through rental units, of which at least fifty percent (50%) of which shall be rental units available to families.
- vii. At least fifty percent (50%) of all of the affordable housing units addressing the Township's Third Round Prospective Need in total (rental and for sale) must be available to families.
- viii. No more than twenty-five percent (25%) of all of the Township's affordable housing units, addressing the Township's Prior Round and Third Round Prospective Need obligations, shall be age-restricted.
- ix. Rental bonuses shall be calculated in accordance with COAH's Second Round rules found currently at N.J.A.C. 5:93-5.15(d).

- x. With the exception of above, all affordable housing units which were/are created pursuant to the Settlement Agreement between the Township and FSHC shall comply with the Uniform Housing Affordability Controls ("UHAC") rules and regulations.
 - xi. The Township shall create its affirmative marketing plan to include FSHC and other named organizations in FSHC's list of community and regional organizations. The Township and any other developers and/or administrative agencies conducting affirmative marketing shall provide notice to the FSHC and its other named organizations of any available affordable housing units.
 - xii. On March 10, 2022 and every year thereafter through the end of the Agreement's period of coverage, the Township Agrees to provide a status report of all affordable housing units and trust fund activity on a form/forms provided by either the Special Master or FSHC.
 - xiii. Within thirty (30) calendar days of every third (3rd) anniversary year of the Agreement, the Township will publish on the Township's website, and submit to FSHC, a status report regarding the Township's satisfaction of its very-low income requirements pursuant to N.J.S.A. 52:27D-329.1.
6. Service of Order. A copy of the within Order shall be served on counsel for all persons and/or entities of the municipal service list within seven (7) days of ~~receipt of this Order~~ the date of this Order per the Rules of Court.
~~by Counsel for the Township~~

For the reasons stated on the record on
April 30, 2021.

15/ Robert H. Gardner, J.S.C.
HON. ROBERT H. GARDNER, J.S.C.

Opposed

Unopposed