

BOROUGH OF LEBANON SPENDING PLAN

2025-2035

INTRODUCTION

This spending plan is submitted to the Superior Court of New Jersey for approval to expend Affordable Housing Trust Fund monies that will contribute to the Borough's rehabilitation program, affordability assistance, including expenditures to create very-low income units or to render existing units more affordable, and toward administrative expenses. The existing balance of the trust fund as of April 30, 2025 is \$35,000.

All development fees, payments in lieu of constructing affordable units on site, "other" income, and interest generated by the fees will be deposited in one (1) separate interest-bearing account dedicated toward the creation of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:99, as described in the sections that follow.

REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated during the period of Fourth Round, Lebanon considered the following:

(a) **Development fees: \$50,000**

1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;

2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development.

(b) **Payment in lieu (PIL): \$0**

The Borough does not anticipate receiving other payment-in-lieu of construction through the Third Round.

(c) **Other funding sources: \$0**

The Borough does not anticipate future funds from this category at this time. Funds from other sources, include, but are not limited to the sale of units with extinguished controls, repayment of affordable housing program loans, rental income, and proceeds from the sale of affordable units. All monies in the Affordable Housing Trust fund are anticipated to come from development fees and interest.

(d) **Projected interest: \$2,000**

Based on interest earned in recent years and projected rates of development fee revenue, Lebanon anticipates collecting \$2,000 in interest through 2035.

Lebanon Borough projects a total of \$87,000 to be expended between June 2025 and June 30, 2035, including interest, for affordable housing purposes.

ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

The following procedural sequence for the collection and distribution of development fee revenues shall be followed by Lebanon Borough:

a) Collection of development fee revenues:

All collection of development fee revenues will be consistent with local regulations which follow N.J.A.C. 5:99 et seq.

(b) Distribution of development fee revenues:

The governing body may hear and decide upon a request for development fee revenues for consistency with the Spending Plan and adopts the recommendation by resolution.

The release of funds requires the adoption of the governing body resolution. 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

(a) Rehabilitation: \$43,500

Lebanon Borough has a 7-unit rehabilitation obligation and intends to satisfy that obligation through the creation of a Borough operated rehabilitation program and participation in the Hunterdon County Housing Rehabilitation Program. The Borough will devote \$43,500 for rehabilitation assistance to the upgrade of a substandard unit for income-eligible homeowners qualified through the county program in accordance with N.J.A.C. 5:93-5.2.

(b) Affordability Assistance

Lebanon Borough proposes to spend a minimum of 30 percent of development fee revenue to render affordable units more affordable and at least one-third of that amount must be dedicated to very low-income households or to create very low-income units (i.e. households with incomes less than 30 percent of the regional median income). The actual affordability assistance minimums should be calculated based on actual revenues.

| Projected Minimum Affordability Assistance Requirement | | |
|---|--------------|-----------------|
| Balance as of April 30, 2025 | | \$35,000 |
| Development Fees Projected 2025-2035 | + | \$50,000 |
| Interest Projected 2025-2035 | + | \$2,000 |
| Less Housing Activity Expenditures per N.J.A.C. 5:93-8.16(c) including new construction | - | \$0 |
| Total | = | \$87,000 |
| 30 Percent Requirement | x 0.30 = | \$26,100 |
| Less Affordability Assistance Expenditures through 12/2024 | - | \$0 |
| Projected Minimum Affordability Assistance Requirement | = | \$26,100 |
| Projected Minimum Very Low-Income Requirement | ÷ 3 = | \$8,700 |

Based on fees and interest collected to date and projected revenues, Lebanon Borough will dedicate at least \$26,100 from the affordable housing trust fund to render units more affordable, including \$8,700 to render units more affordable to households with income at 30 percent or less of median income by region. Affordability assistance may be used, but not limited to the following:

- Emergency Repair Program;
- Down-payment assistance;

- Rental assistance;
- Security deposit assistance;
- Moving expenses;
- Low interest loans;
- Assistance with homeowners' association or condominium fees and special assessments; and/or
- Converting low-income units to very-low-income units or creating new very-low income units, etc.

The Borough will work with its affordable housing providers and administrator to expand outreach to ensure the existing and new households of very-low-, low- and moderate-income programs can take advantage of affordability assistance programs. Additionally, the Borough will work with affordable housing providers to convert low income units to very low-income units.

(c) Administrative Expenses

Lebanon Borough may use Affordable Housing Trust Fund revenue for related administrative costs up to a 20 percent limitation pending funding availability after programmatic and affordability assistance expenditures. The actual administrative expense maximum is calculated on an ongoing basis based on actual revenues.

| Projected Administrative Expenses | | |
|--|----------|-----------------|
| Balance as of April 30, 2025 | | \$35,000 |
| Development Fees Projected 2025-2035 | + | \$50,000 |
| Interest Projected 2025-2035 | + | \$2,000 |
| Total | = | \$87,000 |
| 20 Percent Maximum Permitted Administrative Expenses | x 0.20 = | \$17,400 |

| Projected Administrative Expenses | | |
|---|---|----------|
| Less Administrative Expenditures through April 2025 | – | \$0 |
| Projected Allowed Administrative Expenditures | = | \$17,400 |

Lebanon Borough projects that \$17,400 may be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, are as follows:

- Borough Attorney, Engineer, and Planner fees related to plan preparation and implementation, and to obtaining Judgment of Compliance and Repose;
- Administration fees related to rehabilitation, extension of expiring controls, affordability assistance programs, and municipally-sponsored construction programs;
- Affirmative Marketing;
- Income qualification of households; and
- Administration of Borough's Affordable Housing Units.

EXPENDITURE SCHEDULE

Lebanon Borough intends to use Affordable Housing Trust Fund revenues for physical improvements such as utilities, sidewalk extensions and roadway improvements that support affordable housing projects, affordability assistance including the creation of very-low income units and making existing units more affordable, and administrations expenses.

Projected Expenditure Schedule 2025 Through 2035

| Program | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | Total |
|--------------------------|------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Rehabilitation | - | \$4.35k | \$4.35k | \$4.35k | \$4.35k | \$4.35k | \$4.35k | \$4.35k | \$4.35k | \$4.35k | \$4.35k | \$43,500 |
| Affordability Assistance | - | \$2.6k | \$2.6k | \$2.6k | \$2.6k | \$2.6k | \$2.6k | \$2.6k | \$2.6k | \$2.6k | \$2.6k | \$26,100 |
| Administration | - | \$1.7K | \$1.7K | \$1.7K | \$1.7K | \$1.7K | \$1.7K | \$1.7K | \$1.7K | \$1.7K | \$1.7K | \$17,400 |
| TOTAL | - | \$8.65k | \$8.65k | \$8.65k | \$8.65k | \$8.65k | \$8.65k | \$8.65k | \$8.65k | \$8.65k | \$8.65k | \$87,000 |

EXCESS OR SHORTFALL OF FUNDS

In the event that a shortfall of anticipated revenues occurs, Lebanon will bond to satisfy the gap in funding. The Borough reserves the opportunity to amend its Housing Element and Fair Share Plan, as well as this Spending Plan, to create additional affordable housing opportunities.

SUMMARY

The Borough of Lebanon intends to spend Affordable Housing Trust Fund revenues pursuant to the extant regulations governing such funds and consistent with the housing programs outlined in the Amended Fourth Round Housing Plan Element and Fair Share Plan. Lebanon anticipates \$50,000 in revenues before the expiration of a Fourth Round Certificate of Compliance. The Borough may expend up to \$17,400 of Trust Funds on administrative costs during the period of repose. At this time, the Borough estimates that approximately \$26,100 of Trust Funds will be spent to create very low-income units, and to make units more affordable and \$43,500 will be allocated for the rehabilitation program.

| Spending Plan Summary | |
|--|-------------------|
| Revenues | |
| Projected Revenue from 2025 through 2035 | |
| Balance as of April 30, 2025 | \$35,000 |
| 1. Development Fees | + \$50,000 |
| 2. Payments-In-Lieu of Construction | + \$0 |
| 3. Other Funds | + \$0 |
| Interest | + \$2,000 |
| Total Projected Balance | = \$87,000 |
| Expenditures | |
| Affordability Assistance | - \$26,100 |
| Rehabilitation | - \$43,500 |
| Administration | - \$17,400 |
| Total Projected Expenditures | = \$87,000 |
| Remaining Balance | = \$0 |