Borough of Chatham

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RESOLUTION #26-140
RESOLUTION ADOPTING A SPENDING PLAN

WHEREAS, on February 12, 2026 the Superior Court issued an Order Approving the Borough's Fair Share Plan ("HEFSP") for the Fourth Round Housing Cycle, which included the compliance measures for the Borough's Fourth Round affordable housing obligations; and

WHEREAS, on June 18, 2025, the Chatham Borough's Planning Board adopted the Fourth Round Housing Element and Fair Share Plan that addresses the Borough's Rehabilitation Need, Prior Round, Third Round and Fourth Round "fair share" obligations; and

WHEREAS, on June 23, 2025, the Borough Council held a properly-noticed public meeting to consider endorsing the Fourth Round Housing Element and Fair Share Plan adopted by the Planning Board on June 18, 2025 and, after consideration of any questions or concerns raised by members of the governing body or the public, the Borough Council determined that it is in the best interest of the Borough and the region's low- and moderate-income households to endorse said Fourth Round Housing Element and Fair Share Plan and to direct the Borough's professionals to file said Plan with the Court and to take any and all reasonable actions to secure a Certificate of Compliance approving said plan to protect the Borough from any Mount Laurel lawsuits; and

WHEREAS, the adopted and endorsed Plan includes a Spending Plan component, as required by N.J.A.C. 5:99 et seq., which projects anticipated revenues to the Borough's Affordable Housing Trust Fund, and describes anticipated expenditures of funds to address its fair share obligation as set forth in the Fair Share Plan.

NOW THEREFORE BE IT RESOLVED, by the Governing Body of Chatham Borough in the County of Morris, and the State of New Jersey hereby adopts the Spending Plan component of the Fourth Round Housing Element and Fair Share Plan.

Name	Motion	Second	Yes	No	Abstain	Absent
Hargrove		X	X			
Gilmore			X			
Hay			X			
Koronkiewicz	X		X			
Mathiasen			X			
Strickland					X	

Adopted: March 9, 2026

Attest:

Vanessa L. Nienhouse, RMC, CMC
Borough Clerk

BOROUGH OF CHATHAM

Carolyn Dempsey
Mayor

CERTIFICATION

I, Vanessa L. Nienhouse, Borough Clerk for the Borough of Chatham, County of Morris, State of New Jersey, do hereby certify this is a true and correct copy of the resolution adopted by the Borough Council at its regular Meeting held on March 9, 2026.

Vanessa L. Nienhouse, Borough Clerk

BOROUGH OF CHATHAM

AFFORDABLE HOUSING SPENDING PLAN: FOURTH ROUND

INTRODUCTION

On June 3, 1998, the Borough adopted a mandatory development fee ordinance. The development fee ordinance included the establishment of residential development fees in the amount of 1.5% of the equalized assessed value of residential development and nonresidential development fees in the amount of 2.5% of the equalized assessed value of nonresidential development. As of May 31, 2025, the balance of the Affordable Housing Trust Fund was $867,672.

All development fees, payments in lieu of constructing affordable units on site, "other" income, and interest generated by the fees are 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 et. seq., as described in the sections that follow.

In December of 2025, the New Jersey Department of Community Affairs (DCA) promulgated new regulations establishing new standards for how monies deposited into an affordable housing trust fund can be spent. 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 rehabilitation program and the 100% affordable housing projects. In addition, the Borough will expend funds on affordability assistance (including infrastructure grants), including expenditures to create very-low income units or to render existing units more affordable, and toward administrative expenses.

REVENUES FOR CERTIFICATION PERIOD

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

(a) Development fees: $400,000

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): $63,000

Actual and committed payments in lieu of construction from developers. This is the project in-lieu fee associates with the 311 Main Street project.

(c) Other funding sources: $0

The Borough does not anticipate future funds from this category currently. 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: $ 40,000

The development fees are deposited and this is the anticipated interest that will be earned on the full balance for the Fourth Round.

Chatham Borough projects a Total of $503,000 to be collected between June 2025 and June 30, 2035, including interest, to be used for affordable housing purposes. All interest earned on the account shall accrue to the account to be used only for the purposes of affordable housing.

ADMINISTRATIVE MECHANISM TO COLLECT AND DISTRIBUTE FUNDS

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

a) Collection of development fee revenues:

All collection of development fee revenues will be consistent with local regulations which follow COAH administrative models for both residential and non-residential developments and in accordance with 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 the purpose of creating affordable housing. The governing body reviews the request 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

(c) Rehabilitation: $80,000

Chatham Borough has an 8-unit rehabilitation obligation and intends to satisfy that obligation through participation in the Morris County Rehabilitation Program. The Borough will devote the funds for rehabilitation assistance to the upgrade of a substandard unit for income-eligible homeowners qualified through the county program.

(d) Affordability Assistance

N.J.S.A. 52:27D-329.1 requires a municipality to set aside a portion of all development fees collected and interest earned for the purpose of providing affordability assistance to very-low-, low-, and moderate-income households in affordable units included in the municipality's fair share plan. In contrast to COAH's regulations, which required 30 percent of a trust fund to be devoted to affordability assistance, neither the Fair Housing Act, as amended in 2024, nor the DCA regulations adopted to implement the legislation imposed any minimum percentage of the trust fund that must be available for affordability assistance. Given the difficulty municipalities had in spending so much on affordability assistance and the value of having more money to spend on other worthy affordable housing projects, this change made sense.

Accordingly, consistent with the amended FHA and the 2025 DCA regulations, Chatham Borough will devote 10 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		
Actual Development Fees Collected through 5/31/25		$1,187,501
Development Fees Projected 2025-2035	+	$400,000
Less Housing Activity Expenditures including new construction and rehabilitation	-	$350,000
Total	=	$1,237,501
	x 0.10 =	$123,750
Less Affordability Assistance Expenditures through 5/31/25	-	0
Projected Minimum Affordability Assistance Requirement	=	$123,750
Projected Minimum Very Low-Income Requirement	÷ 3 =	$41,250

Based on fees and interest for projected revenues, Chatham Borough will dedicate at least $123,750 from the affordable housing trust fund to render units more affordable, including $41,250 to render units more affordable to households with income at 30 percent or less of median income by region. It may use a variety of vehicles to do this including, 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.

(e) Administrative Expenses

Chatham Borough may use Affordable Housing Trust Fund revenue for related administrative costs up to a 20 percent limitation. The actual administrative expense maximum is calculated on an ongoing basis based on actual revenues.

Projected Administrative Expenses		
Actual Development Fees Collected through 5/31/25		$1,187,501
Actual Interest Earned through 5/31/25		$150,472
Payments-in-lieu of construction or other deposits through 5/31/25		0
Development Fees Projected 2025-2035	+	$400,000
Interest Projected 2021-2025	+	$40,000
Payments-in-lieu of construction or other deposits Projected 2025-2035	+	$63,000
Total	=	$1,840,973
20 Percent Maximum Permitted Administrative Expenses	x 0.20 =	$368,194
Less Administrative Expenditures through 5/31/25	-	$120,301
Projected Allowed Administrative Expenditures	=	$247,893

Although Chatham Borough projects that $247,893 may be available from the affordable housing trust fund to be used for administrative purposes, the Borough anticipates expending $150,000 between 2025 and 2035 on administrative services. 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

Chatham Borough intends to use Affordable Housing Trust Fund revenues for its rehabilitation program, 100% affordable housing projects, affordability assistance including the creation of very-low income units and making existing units more affordable, and administration expenses. Additionally, this expenditure schedule meets the requirement that trust fund revenues are expended within four years of their collection.

Projected Expenditure Schedule 2025 Through 2035

Program	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Rehabilitation	$10k	$10k	$10k	$10k	$10k	$10k	$10k	$10k	-	-	$80k
Affordability Assistance	$12.3k	$12.3k	$12.3k	$12.3k	$12.3k	$12.3k	$12.3k	$12.3k	$12.3k	$12.3k	$123k
Administration	$30k	$5.7k	$5.7k	$5.7k	$5.7k	$5.7k	$5.7k	$5.7k	$30k	$20k	$150k
100% Infill Projects	$338k	$338k	$338k	-	-	-	-	-	-	-	$1M
TOTAL	$390.3k	$366k	$366k	$28k	$28k	$28k	$28k	$28k	$42.3k	$32.3k	$1.3M

EXCESS OR SHORTFALL OF FUNDS

If a shortfall of anticipated revenues occurs, Chatham will fund the shortfall through bonding or other funding mechanisms 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 Chatham 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 2025 Fourth Round Housing Plan Element and Fair Share Plan. Chatham anticipates $503,000 in revenues before the expiration of a Fourth Round.

Spending Plan Summary	
Revenues	
Balance as of May 31, 2025	$867,672
Projected Revenue from 2025 through 2035	$503,000
1. Development Fees	+ $400,000
2. Payments-In-Lieu of Construction	+ $63,000
3. Other Funds	+ $0.00
Interest	+ $40,000
Total Projected Balance	= $1,370,672
Expenditures	
Funds Used for Rehabilitation	- $80,000
Affordability Assistance	- $123,750
New Construction	- $1,016,922
Administration	- $150,000
Total Projected Expenditures	= $1,370,672
Remaining Balance	= $0.00