

**Township of Holmdel**

**ORDINANCE 2019-26**

**AN ORDINANCE REPEALING CHAPTER XIV ENTITLED “AFFORDABLE HOUSING”, ARTICLE I ENTITLED “ADMINISTRATION OF LOW AND MODERATE-INCOME HOUSING”, SECTIONS 14-1 TO 14-29A REPLACING IT WITH A NEW SECTION 14 ENTITLED “AFFORDABLE HOUSING REGULATIONS” INCORPORATING THE REQUIREMENTS OF CURRENT STATE LAW REGARDING AFFORDABLE HOUSING INTO THE TOWNSHIP CODE AND AMENDING ARTICLE II ENTITLED “DEVELOPMENT FEE PROVISIONS”**

**WHEREAS**, the Township of Holmdel (“Township”) filed a Mt. Laurel declaratory judgment action in the Superior Court of New Jersey, Law-Division bearing the caption In the Matter of the Township of Application of the Township of Holmdel, Docket No. MON-L-2523-15 following the New Jersey Supreme Court’s decision in Mt. Laurel IV; and

**WHEREAS**, the Township entered into a First Amended Settlement Agreement with Fair Share Housing Center on or about January 11, 2019 (the “Settlement Agreement”) establishing the Township’s Third Round affordable housing obligation for the period 1999-2025 and the compliance mechanisms by which the Township will meet its constitutional obligation to provide for its fair share of affordable housing; and

**WHEREAS**, the Court conducted a Fairness Hearing on April 4, 2019 and entered an order on May 1, 2019 approving the Settlement Agreements by and between the Township and Fair Share Housing Center finding on a preliminary basis that the Settlement Agreement is fair to low and moderate-income households; and

**WHEREAS**, the Court Order approving the Settlement Agreements requires the Township to adopt an affordable housing ordinance incorporating the requirements of the Fair Housing Act and the UHAC Regulations, N.J.A.C. 5:80-26-1 et. seq. into the Township Code; and

**WHEREAS**, the Township Committee finds it is in the best interest of the Township to comply with the Court’s Order and implement the terms and conditions of the Settlement Agreements which includes the adoption of state affordable law into the Township Code

**NOW THEREFORE BE IT ORDAINED** by the Township Committee of the Township of Holmdel, County of Monmouth, State of New Jersey, that Chapter XIV entitled “Affordable Housing”, Article I entitled Administration of Low-and-Moderate Income Housing”, Sections 14-1 to 14-29A are hereby repealed in their entirety.

**BE IT FUTHER ORDAINED** that Chapter XIV entitled “Affordable Housing”, Article I entitled “Administration of Low-and-Moderate Income Housing”, Section 14 is hereby created to read as follows:

**Section 1.**

**14-1 Affordable Housing Regulations**

**A. Purpose.**

1. This Section is intended to assure that very-low, low-, and moderate-income units ("affordable units") are created with controls on affordability and that very-low, low-, and moderate-income households shall occupy these units. This Section shall apply except where inconsistent with applicable law.
2. The Township of Holmdel Planning Board has adopted a Housing Element and Fair Share Plan pursuant to the Municipal Land Use Law at N.J.S.A. 40:55D-1, et seq. (hereinafter “Fair Share Plan”). The Fair Share Plan was endorsed by the Township Committee. The Fair Share Plan describes how the Township of Holmdel shall address its fair share of very-low, low-, and moderate-income housing as documented in the Fair Share Plan itself, the First Amended Settlement Agreement entered into between the Township and Fair Share Housing Center (“FSHC”) on January 11, 2019 (hereinafter “FSHC Settlement Agreement”), and the Superior Court Order approving same, which was entered by the Court on May 1, 2019 after a properly noticed Fairness Hearing was held on April 4, 2019.
3. The Township of Holmdel shall track the status of the implementation of the Fair Share Plan.

**14-2. Monitoring and Reporting Requirements.**

The Township of Holmdel shall comply with the following monitoring and reporting requirements regarding the status of the implementation of its Superior Court-approved Housing Element and Fair Share Plan:

1. Beginning one year after the entry of the Township’s Round 3 Judgment of Compliance and Repose, and on every anniversary of that date through 2025, the Township shall provide an annual report of its Affordable Housing 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 (FSHC) and posted on the municipal website, using forms developed for this purpose by the New Jersey Department of Community Affairs (NJDCA), Council on Affordable Housing (COAH), or Local Government Services (NJLGS). The report shall include an accounting of all Affordable Housing Trust Fund activity, including the source and amount of funds collected and the amount and purpose for which any funds have been expended.

2. Beginning one year after the entry of the Township’s Round 3 Judgment of Compliance and Repose, and on every anniversary of that date through 2025, the Township agrees to provide an annual report 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 COAH, or any other forms endorsed by the Superior Court Appointed Special Master and FSHC.
3. The Fair Housing Act includes two provisions regarding action to be taken by the Township during its ten (10) year repose period. The Township will comply with those provisions as follows:
  - a. For the midpoint realistic opportunity review due on July 1, 2020, as required pursuant to N.J.S.A. 52:27D-313, the Township will post on its municipal website, with a copy provided to Fair Share Housing Center, 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 and whether the mechanisms to meet unmet need should be revised or supplemented. Such posting shall invite any interested party to submit comments to the Township, with a copy to Fair Share Housing Center, regarding whether any sites no longer present a realistic opportunity and should be replaced and whether the mechanisms to meet unmet need should be revised or supplemented. Any interested party may by motion request a hearing before the Superior Court regarding these issues.
  - b. For the review of very-low-income housing requirements required by N.J.S.A. 52:27D-329.1, within thirty (30) days of the third anniversary of the entry of the Township’s Judgment of Compliance and Repose, 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 Township and Fair Share Housing Center on the issue of whether the Township has complied with its very-low-income housing obligation under the terms of this settlement.
  - c. In addition to the foregoing postings, the Township may also elect to file copies of its reports with COAH or its successor agency at the State level.

### **14-3. Definitions.**

The following terms when used in this Section shall have the meanings given in this Section:

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

“Accessory Apartment” shall mean 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 site, or by an addition to an existing home or accessory building, or by the construction of a new accessory structure on the same site.

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

“Administrative agent” means the entity designated by the Township responsible for the administration of affordable units in accordance with this ordinance, applicable COAH regulations and the Uniform Housing Affordability Controls (UHAC)(N.J.A.C. 5:80-26.1 et seq.)

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

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

“Affordable” means a sales price or rent within the means of a low- or moderate-income household as defined by COAH in its applicable regulations or an equivalent controlling New Jersey state agency; 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 development” means a housing development all or a portion of which consists of restricted units.

“Affordable housing development” means a development included in the Township’s Fair Share Plan, and includes, but is not limited to, an inclusionary development, a municipal construction project or a 100 percent affordable development.

“Affordable housing program(s)” means any mechanism in the Township’s Fair Share Plan prepared or implemented to address the Township’s fair share obligation.

“Affordable unit” means a housing unit proposed or created pursuant to the Act, credited pursuant to applicable COAH regulations, the FSHC Settlement Agreement, or an order of the Superior Court.

“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 where the unit is situated are 62 years or older; or 2) at least 80 percent of the units are occupied by one person that is 55 years or older; or 3) the development has been designated by

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

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

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

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

“COAH” means the New Jersey Council on Affordable Housing.

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

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

“Developer” means any person, partnership, association, entity, 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 or 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.

“Inclusionary development” means 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 non-residential structure to residential and the creation of new affordable units through the reconstruction of a vacant residential structure.

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

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

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

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

“Median-income” means the median income by household size for the applicable county, as adopted annually by the Department.

“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.

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

“Municipal Housing Liaison” means the employee charged by the governing body with the responsibility for oversight and administration of the affordable housing program for Holmdel.

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

“Random selection process” means a process by which currently income-eligible households are selected for placement in affordable housing units such that no preference is given to one applicant over another except for purposes of matching household income and size with an appropriately priced and sized affordable unit (e.g., by lottery).

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

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

“Rent” means the gross monthly cost of a rental unit to the tenant, including the rent paid to the 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 ownership unit, that is subject to the affordability controls of N.J.A.C. 5:80-26.1, as may be amended and supplemented, but does not include a market-rate unit financed under UHORP or MONI.

“UHAC” means the Uniform Housing Affordability Controls set forth in N.J.A.C. 5:80-26.1 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.

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

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

#### **14-4. Applicability.**

1. The provisions of this Section shall apply to all affordable housing developments and affordable housing units that currently exist and that are proposed to be created within the Township of Holmdel pursuant to the Township's most recently adopted Housing Element and Fair Share Plan.
2. This Section shall apply to all developments that contain low-and moderate-income housing units, including any currently unanticipated future developments that will provide low- and moderate-income housing units.

#### **14-5. Rehabilitation Programs.**

1. The Township of Holmdel and FSHC have agreed that the Township’s Round 3 (1999-2025) indigenous need Rehabilitation Obligation is thirty-seven (37) units. The Township has a contract with Community Grants and Planning to administer all the affordable units within the Township, in addition the Township is participating in the Monmouth County Rehabilitation Program to rehabilitate units within the Township. Any such rehabilitation programs will update and renovate deficient housing units occupied by low- and moderate-income households such that, after rehabilitation, these units will comply with the New Jersey State Housing Code pursuant to N.J.A.C. 5:28.
  - a. All rehabilitated rental and owner-occupied units shall remain affordable to low and moderate-income households for a period of ten (10) years (the control period). For

owner-occupied units, the control period will be enforced with a lien and for renter occupied units the control period will be enforced with a deed restriction.

- b. The Township of Holmdel shall dedicate an average of at least ten thousand dollars (\$10,000) for each unit to be rehabilitated through this program, reflecting the minimum hard cost of rehabilitation for each unit.
- c. Units in the rehabilitation programs shall be exempt from N.J.A.C. 5:93-9 and UHAC requirements, but shall be administered in accordance with the following:
  - i. 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 low- or moderate-income household at an affordable rent and affirmatively marketed pursuant to N.J.A.C. 5:93-9 and UHAC.
  - ii. 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 N.J.A.C. 5:93-9 and UHAC.
  - iii. Rents in rehabilitated units may increase annually based on the standards in N.J.A.C. 5:93-9 or the standards issued by a New Jersey administrative agency with proper authority to issue such standards.
  - iv. Applicant and/or tenant households shall be certified as income-eligible in accordance with N.J.A.C. 5:93-9 and UHAC, except that households in owner occupied units shall be exempt from the regional asset limit.

#### **14-6. 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 Superior 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 (20) year operating contract with the Department of Human Services, Division of Developmental Disabilities, alternative living arrangements shall have at least thirty (30) year controls on affordability in accordance with UHAC, unless an alternative commitment is approved by the Superior 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.

**14-7. Phasing Schedule for Inclusionary Developments.**

In inclusionary developments the following schedule shall be followed:

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

**14-8. New Construction.**

1. Low/Moderate Split and Bedroom Distribution of Affordable Housing Units:
  - a. 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. At least thirteen percent (13%) of all restricted rental units shall be very-low-income units (affordable to a household earning thirty percent (30%) or less of regional median income by household size). The very-low-income units shall be counted as part of the required number of low-income units within the development. At least fifty percent (50%) of the very-low-income units must be available to families.
  - b. In each affordable development, at least fifty percent (50) of the restricted units within each bedroom distribution shall be very-low or low-income units.
  - c. Affordable developments that are not age-restricted shall be structured in conjunction with realistic market demands such that:
    - i. The combined number of efficiency and one (1) bedroom units shall be no greater than twenty percent (20%) of the total low and moderate-income units;
    - ii. At least thirty percent (30%) of all low and moderate-income units shall be two (2) bedroom units;
    - iii. At least twenty percent (20%) of all low and moderate-income units shall be three (3) bedroom units; and

- iv. The remaining units may be allocated among two (2) and three (3) bedroom units at the discretion of the developer and the Township.
  - d. 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. This standard may be met by having all one (1) bedroom units or by having a two (2) bedroom unit for each efficiency unit.
2. Accessibility Requirements:
- a. The first floor of all restricted townhouse dwelling units and all restricted units in all other multistory buildings shall be subject to the technical design standards of the Barrier Free Sub Code, N.J.A.C. 5:23-7.
  - b. All restricted townhouse dwelling units and all restricted units in other multistory buildings in which a restricted dwelling unit is attached to at least one (1) other dwelling unit shall have the following features:
    - i. An adaptable toilet and bathing facility on the first floor; and
    - ii. An adaptable kitchen on the first floor; and
    - iii. An interior accessible route of travel on the first floor; and
    - iv. 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
    - v. If all of the foregoing requirements in paragraphs b.i. through b.iv. above cannot be satisfied, then an interior accessible route of travel must be provided between stories within an individual unit, but if all of the terms of paragraphs b.i. through b.iv. above have been satisfied, then an interior accessible route of travel shall not be required between stories within an individual unit; and
    - vi. 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 Holmdel has collected funds from the developer sufficient to make ten percent (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 into the Township of Holmdel's Affordable Housing Trust Fund sufficient to install accessible entrances in ten percent (10%) of the affordable units that have been constructed with adaptable entrances.

- (3) The funds deposited under Paragraph vi. above shall be used by the Township of Holmdel for the sole purpose of making the adaptable entrance of an affordable unit accessible when requested to do so by a person with a disability who occupies or intends to occupy the unit and requires an accessible entrance.
- (4) The developer of the restricted units shall submit a design plan and cost estimate to the Construction Official of the Township of Holmdel for the conversion of adaptable to accessible entrances.
- (5) Once the Construction Official has determined that the design plan to convert the unit entrances from adaptable to accessible meet the requirements of the Barrier Free SubCode, N.J.A.C. 5:23-7, and that the cost estimate of such conversion is reasonable, payment shall be made to the Township's Affordable Housing Trust Fund in care of the Township Chief Financial Officer who shall ensure that the funds are deposited into the Affordable Housing Trust Fund and appropriately earmarked.

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

### 3. Design:

- a. In inclusionary developments, very-low, low and moderate-income units shall be integrated with the market units to the extent possible.
- b. In inclusionary developments, very-low, low and moderate-income units shall have access to all of the same common elements and facilities as the market units.

### 4. Maximum Rents and Sales Prices:

- a. In establishing rents and sales prices of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the most recently published regional weighted average of the uncapped Section 8 income limits published by HUD.
- b. The maximum rent for restricted rental units within each affordable development shall be affordable to households earning no more than sixty percent (60%) of median income, and the average rent for restricted rental units shall be affordable to households earning no more than fifty-two percent (52%) of median income.
- c. The developers and/or municipal sponsors of restricted rental units shall establish at least one (1) rent for each bedroom type for both low-income and moderate-income units, provided that at least thirteen percent (13%) of all low and moderate-income

rental units shall be affordable to very-low-income households, which very-low-income units shall be part of the low-income requirement.

- d. The maximum sales price of restricted ownership units within each affordable development shall be affordable to households earning no more than seventy percent (70%) of median income, and each affordable development must achieve an affordability average of fifty-five percent (55%) for restricted ownership units; in achieving this affordability average, moderate-income ownership units must be available for at least three (3) different sales prices for each bedroom type, and low-income ownership units must be available for at least two (2) different sales prices for each bedroom type.
- e. In determining the initial sales prices and rent levels for compliance with the affordability average requirements for restricted units other than assisted living facilities and age-restricted developments, the following standards shall be used:
  - i. A studio shall be affordable to a one (1) person household;
  - ii. A one (1) bedroom unit shall be affordable to a one and one-half (1.5) person household;
  - iii. A two (2) bedroom unit shall be affordable to a three (3) person household;
  - iv. A three (3) bedroom unit shall be affordable to a four and one-half (4.5) person household; and
  - v. A four (4) bedroom unit shall be affordable to a six (6) person household.
- d. In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted units in assisted living facilities and age-restricted developments, the following standards shall be used:
  - i. A studio shall be affordable to a one (1) person household;
  - ii. A one (1) bedroom unit shall be affordable to a one and one-half (1.5) person household; and
  - iii. A two (2) bedroom unit shall be affordable to a two (2) person household or to two (2) one (1) person households.
- e. 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 ninety-five percent (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 twenty-eight percent (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.

- f. The initial rent for a restricted rental unit shall be calculated so as not to exceed thirty percent (30%) of the eligible monthly income of the appropriate size household, including an allowance for tenant paid utilities, as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that the rent shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented.
- g. Income limits for all units that are part of the Township'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 Township annually within thirty (30) days of the publication of determinations of median income by HUD as follows:
  - i. The income limit for a moderate-income unit for a household of four shall be eighty percent (80%) of the HUD determination of the median income for COAH Region 4 for a family of four. The income limit for a low-income unit for a household of four shall be fifty percent (50%) of the HUD determination of the median income for COAH Region 4 for a family of four. The income limit for a very low income unit for a household of four shall be thirty percent (30%) of the HUD determination of the median income for COAH Region 4 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 the previous year.
  - ii. The income limits are based on carrying out the process in Paragraph i. based on HUD determination of median income for the current Fiscal Year, and shall be utilized by the Township until new income limits are available.
- h. 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 by the Council:
  - i. The price of owner-occupied very-low, 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 Paragraph g. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.
  - ii. The rents of very-low-, low and moderate-income units may be increased annually based on the permitted percentage increase in the Housing Consumer Price Index for the Central New Jersey Area, upon its publication for the prior calendar year. This increase shall not exceed nine percent (9%) in any one (1) 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.

**14-9. Utilities.**

1. Affordable units shall utilize the same type of heating source as market units within an inclusionary development.
2. Tenant-paid utilities included in the utility allowance shall be set forth in the lease and shall be consistent with the utility allowance approved by the NJDCA for its Section 8 program.

**14-10. Occupancy Standards.**

In referring certified households to specific restricted units, the Administrative Agent shall, to the extent feasible and without causing an undue delay in the occupancy of a unit, strive to:

1. Provide an occupant for each bedroom;
2. Provide children of different sexes with separate bedrooms;
3. Provide separate bedrooms for parents and children; and
4. Prevent more than two (2) persons from occupying a single bedroom.

**14-11. Control Periods for Restricted Ownership Units and Enforcement Mechanisms.**

1. Control periods for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.5, as may be amended and supplemented, and each restricted ownership unit shall remain subject to the requirements of this Section for a period of at least thirty (30) years, until Holmdel Township takes action to release the unit from such requirements; prior to such action, a restricted ownership unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.
2. The affordability control period for a restricted ownership unit shall commence on the date the initial certified household takes title to the unit.
3. Prior to the issuance of the initial certificate of occupancy for a restricted ownership unit and upon each successive sale during the period of restricted ownership, the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, shall determine the restricted price for the unit and shall also determine the non-restricted, fair market value of the unit based on either an appraisal or the unit's equalized assessed value without the restrictions in place.
4. At the time of the initial sale of the unit, the initial purchaser shall execute and deliver to the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, a recapture note obligating the purchaser (as well as the purchaser's

heirs, successors and assigns) to repay, upon the first non-exempt sale after the unit's release from the restrictions set forth in this Section, an amount equal to the difference between the unit's non-restricted fair market value and its restricted price, and the recapture note shall be secured by a recapture lien evidenced by a duly recorded mortgage on the unit.

5. The affordability controls set forth in this Section shall remain in effect despite the entry and enforcement of any judgment of foreclosure with respect to restricted ownership units.
6. A restricted ownership unit shall be required to obtain a Continuing Certificate of Occupancy or a certified statement from the Construction Official stating that the unit meets all Code standards upon the first transfer of title following the removal of the restrictions provided under N.J.A.C. 5:80-26.5(a), as may be amended and supplemented.

#### **14-12. Price Restrictions for Restricted Ownership Units, Homeowner Association Fees and Resale Prices.**

Price restrictions for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, including:

1. The initial purchase price for a restricted ownership unit shall be approved by the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer.
2. The Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, shall approve all resale prices, in writing and in advance of the resale, to assure compliance with the foregoing standards.
3. The master deeds of inclusionary developments shall provide no distinction between the condominium or homeowner association fees and special assessments paid by low and moderate-income purchasers and those paid by market purchasers, unless the master deed for the inclusionary project was executed prior to the enactment of UHAC.
4. The owners of restricted ownership units may apply to the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, to increase the maximum sales price for the unit on the basis of anticipated capital improvements. Eligible capital improvements shall be those that render the unit suitable for a larger household or the addition of a bathroom.

#### **14-13. Buyer Income Eligibility.**

1. Buyer income eligibility for restricted ownership units shall be in accordance with N.J.A.C. 5:80-26.1, as may be amended and supplemented, such that low-income ownership units shall be reserved for households with a gross household income less than or equal to fifty percent (50%) of median income and moderate-income ownership units shall be reserved

for households with a gross household income less than eighty percent (80%) of median income.

2. The Administrative Agent shall certify a household as eligible for a restricted ownership unit when the household is a low-income household or a moderate-income household, as applicable to the unit, and the estimated monthly housing cost for the particular unit (including principal, interest, taxes, homeowner and private mortgage insurance and condominium or homeowner association fees, as applicable) does not exceed thirty-three percent (33%) of the household's eligible monthly income.

#### **14-14. Limitations on Indebtedness Secured by Ownership Unit; Subordination.**

1. Prior to incurring any indebtedness to be secured by a restricted ownership unit, the owner shall apply to the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, for a determination in writing that the proposed indebtedness complies with the provisions of this Section, and the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, shall issue such determination prior to the owner incurring such indebtedness.
2. With the exception of First Purchase Money Mortgages, neither an owner nor a lender shall at any time cause or permit the total indebtedness secured by a restricted ownership unit to exceed ninety-five percent (95%) of the maximum allowable resale price of the unit, as such price is determined by the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, in accordance with N.J.A.C. 5:80-26.6(b).

#### **14-15. Capital Improvements To Ownership Units.**

1. The owners of restricted ownership units may apply to the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, to increase the maximum sales price 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. In no event shall the maximum sales price of an improved housing unit exceed the limits of affordability for the larger household.
2. Upon the resale of a restricted ownership unit, all items of property that are permanently affixed to the unit or were included when the unit was initially restricted (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 Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, 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 (10) year, straight-line depreciation, has been approved by the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer. Unless otherwise approved by

the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, 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.

**14-16. Control Periods for Restricted Rental Units.**

1. Control periods for restricted rental units shall be in accordance with N.J.A.C. 5:80-26.11, as may be amended and supplemented, and each restricted rental unit shall remain subject to the requirements of this Section for a period of at least thirty (30) years, until Holmdel Township takes action to release the unit from such requirements. Prior to such action, a restricted rental unit must remain subject to the requirements of N.J.A.C. 5:80-26.1, as may be amended and supplemented.
2. Deeds of all real property that include restricted rental units shall contain deed restriction language. The deed restriction shall have priority over all mortgages on the property, and the deed restriction shall be filed by the developer or seller with the records office of the County of Monmouth. A copy of the filed document shall be provided to the Township's Administrative Agent within thirty (30) days of the receipt of a Certificate of Occupancy.
3. A restricted rental unit shall remain subject to the affordability controls described in this Section despite the occurrence of any of the following events:
  - a. Sublease or assignment of the lease of the unit;
  - b. Sale or other voluntary transfer of the ownership of the unit; or
  - c. The entry and enforcement of any judgment of foreclosure on the property containing the unit.

**14-17. Rent Restrictions for Rental Units; Leases.**

1. A written lease shall be required for all restricted rental units and tenants shall be responsible for security deposits and the full amount of the rent as stated on the lease. A copy of the current lease for each restricted rental unit shall be provided to the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer.
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 Township's Administrative Agent, or an Administrative Agent appointed by a particular developer.
3. Application fees (including the charge for any credit check) shall not exceed five percent (5%) of the monthly rent of the applicable restricted unit and shall be payable to the Developer and/or Landlord or to the Township's Administrative Agent appointed by a

particular developer. If the fees are paid to the Township's Administrative Agent or an Administrative Agent appointed by a particular developer they are to be applied to the costs of administering the controls applicable to the unit as set forth in this Section.

4. No rent control ordinance or other pricing restriction shall be applicable to either the market units or the affordable units in any development in which at least fifteen percent (15%) of the total number of dwelling units are restricted rental units in compliance with this Ordinance.

**14-18. 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 thirty percent (30%) of the regional median household income by household size.
  - b. Low-income rental units shall be reserved for households with a gross household income less than or equal to fifty percent (50%) of the regional median household income by household size.
  - c. Moderate-income rental units shall be reserved for households with a gross household income less than eighty percent (80%) of the regional median household income by household size.
2. The Township's Administrative Agent, or a qualified Administrative Agent appointed by a particular developer, 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 thirty-five percent (35%)(forty percent (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 exists:
  - a. The household currently pays more than thirty-five percent (35%) (forty percent (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 thirty-five percent (35%) (forty percent (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 reliable anticipated third-party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the owner of the unit.
3. The applicant shall file documentation sufficient to establish the existence of the circumstances in 2.a. through 2.e. above with the Township's Administrative Agent, or an Administrative Agent appointed by a particular developer, who shall counsel the household on budgeting.

#### **14-19. Municipal Housing Liaison.**

1. The position of Municipal Housing Liaison (MHL) for the Township of Holmdel is established by this Section. The Township shall make the actual appointment of the MHL by means of a resolution.
  - a. The MHL must be either a full-time or part-time employee of Holmdel.
  - b. The person appointed as the MHL must be reported to the Superior Court and thereafter posted on the Township's website.
  - c. The MHL must meet all the requirements for qualifications, including initial and periodic training, if such training is made available by COAH or the DCA.
  - d. The Municipal Housing Liaison shall be responsible for oversight and administration of the affordable housing program for the Township of Holmdel, including the following responsibilities which may not be contracted out to the Administrative Agent, or the Administrative Agent appointed by a specific developer:
    - i. Serving as the municipality's primary point of contact for all inquiries from the State, affordable housing providers, Administrative Agents and interested households;
    - ii. The implementation of the Affirmative Marketing Plan and affordability controls;
    - iii. When applicable, supervising any contracting Administrative Agent;
    - iv. Monitoring the status of all restricted units in the Township's Fair Share Plan;
    - v. Compiling, verifying and submitting annual reports as required;
    - vi. Coordinating meetings with affordable housing providers and Administrative Agents, as applicable; and

- vii. Attending continuing education opportunities on affordability controls, compliance monitoring and affirmative marketing as offered or approved by the Affordable Housing Professionals of New Jersey (AHPNJ), if such continuing education opportunities are made available by COAH or the DCA.
2. Subject to the approval of the Superior Court, the Township of Holmdel shall designate one (1) or more Administrative Agent(s) to administer and to affirmatively market the affordable units constructed in the Township in accordance with UHAC and this Section.

#### **14-20. Administrative Agent.**

An Administrative Agent may be either an independent entity serving under contract to and reporting to the Township, or reporting to a specific individual developer. *The fees of the Administrative Agent shall be paid by the owners of the affordable units for which the services of the Administrative Agent are required.* The Township Administrative Agent shall monitor and work with any individual Administrative Agents appointed by individual developers. The Administrative Agent(s) shall perform the duties and responsibilities of an Administrative Agent as set forth in UHAC, including those set forth in Sections 5:80-26.14, 16 and 18 thereof, which includes:

1. Affirmative Marketing:
  - a. Conducting an outreach process to affirmatively market affordable housing units in accordance with the Affirmative Marketing Plan of the Township of Holmdel and the provisions of N.J.A.C. 5:80-26.15; and
  - b. 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.
2. Household Certification:
  - a. Soliciting, scheduling, conducting and following up on interviews with interested households;
  - b. Conducting interviews and obtaining sufficient documentation of gross income and assets upon which to base a determination of income eligibility for a low or moderate-income unit;
  - c. Providing written notification to each applicant as to the determination of eligibility or non-eligibility;
  - d. Requiring that all certified applicants for restricted units execute a certificate substantially in the form, as applicable, of either the ownership or rental certificates set forth in Appendices J and K of N.J.A.C. 5:80-26.1 et seq.;

- e. 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;
  - f. Employing a random selection process as provided in the Affirmative Marketing Plan of the Township of Holmdel when referring households for certification to affordable units; and
  - g. Notifying the following entities of the availability of affordable housing units in the Township of Holmdel: FSHC, the New Jersey State Conference of the NAACP, the Latino Action Network, STEPS, OCEAN Inc., the Greater Red Bank, Asbury Park/Neptune, Bayshore, Greater Freehold, Greater Long Branch, and Trenton Branches of the NAACP and the Supportive Housing Association
3. Affordability Controls:
- a. 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;
  - b. 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;
  - c. Ensuring that the removal of the deed restrictions and cancellation of the mortgage note are effectuated and properly filed with the Monmouth County Register of Deeds or the Monmouth County Clerk's office after the termination of the affordability controls for each restricted unit;
  - d. Communicating with lenders regarding foreclosures; and
  - e. Ensuring the issuance of Continuing Certificates of Occupancy or certifications pursuant to N.J.A.C. 5:80-26.10.
4. Resales and Re-rentals:
- a. Instituting and maintaining an effective means of communicating information between owners and the Township's Administrative Agent, or any Administrative Agent appointed by a specific developer, regarding the availability of restricted units for resale or re-rental; and
  - b. 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.
5. Processing Requests from Unit Owners:

- a. Reviewing and approving requests for determination from owners of restricted units who wish to take out home equity loans or refinance during the term of their ownership that the amount of indebtedness to be incurred will not violate the terms of this Section;
  - b. 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;
  - c. Notifying the Township of an owner's intent to sell a restricted unit; and
  - d. Making determinations on requests by owners of restricted units for hardship waivers.
6. Enforcement:
- a. Securing annually from the Township a list of all affordable housing units for which tax bills are mailed to absentee owners, and notifying all such owners that they must either move back to their unit or sell it;
  - b. Securing from all developers and sponsors of restricted units, at the earliest point of contact in the processing of the project or development, written acknowledgement of the requirement that no restricted unit can be offered, or in any other way committed, to any person, other than a household duly certified to the unit by the Township's Administrative Agent, or any Administrative Agent appointed by a specific developer;
  - c. Posting annually, in all rental properties (including two (2) family homes), a notice as to the maximum permitted rent together with the telephone number of the Township's Administrative Agent, or any Administrative Agent appointed by a specific developer, where complaints of excess rent or other charges can be made;
  - d. 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;
  - e. Establishing a program for diverting unlawful rent payments to the Township's Affordable Housing Trust Fund; and
  - f. Creating and publishing a written operating manual for each affordable housing program administered by the Township's Administrative Agent, or any Administrative Agent appointed by a specific developer, to be approved by the Township Committee and the Superior Court, setting forth procedures for administering the affordability controls.
7. Additional Responsibilities:
- a. The Administrative Agent shall have the authority to take all actions necessary and appropriate to carry out its responsibilities hereunder.

- b. The Administrative Agent shall prepare monitoring reports for submission to the Municipal Housing Liaison in time to meet the Court-approved monitoring and reporting requirements in accordance with the deadlines set forth in this Section. The Township's Administrative Agent will be responsible for collecting monitoring information from any Administrative Agents appointed by specific developers.
- c. The Township's Administrative Agent, or any Administrative Agent appointed by a specific developer, shall attend continuing education sessions on affordability controls, compliance monitoring, and affirmative marketing at least annually and more often as needed.

#### **14-21. Affirmative Marketing Requirements.**

1. The Township of Holmdel shall adopt by resolution an Affirmative Marketing Plan that is compliant with N.J.A.C. 5:80-26.15, as may be amended and supplemented.
2. The Affirmative Marketing Plan is a regional marketing strategy designed to attract buyers and/or renters of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age or number of children to housing units which are being marketed by a developer, sponsor or owner of affordable housing. The Affirmative Marketing Plan is intended to target those potentially eligible persons who are least likely to apply for affordable units in that region. It is a continuing program that directs marketing activities toward Housing Region 4 and is required to be followed throughout the period of restriction.
3. The Affirmative Marketing Plan shall provide a regional preference for all households that live and/or work in Housing Region 4, comprised of Mercer, Monmouth and Ocean Counties.
4. The Township 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 re-sales and re-rentals. The Township's Administrative Agent designated by the Township of Holmdel, or any Administrative Agent appointed by a specific developer, shall implement the Affirmative Marketing Plan to assure the affirmative marketing of all affordable units.
5. In implementing the Affirmative Marketing Plan, the Township's Administrative Agent, or any Administrative Agent appointed by a specific developer, shall provide a list of counseling services to very-low, low, and moderate-income applicants on subjects such as budgeting, credit issues, mortgage qualification, rental lease requirements, and landlord/tenant law.
6. The Affirmative Marketing Plan shall describe the media to be used in advertising and publicizing the availability of housing. In implementing the Affirmative Marketing Plan, the Township's Administrative Agent, or any Administrative Agent appointed by a specific developer, shall consider the use of language translations where appropriate.

7. The affirmative marketing process for available affordable units shall begin at least one hundred and twenty days (120) prior to the expected date of occupancy.
8. 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; and the municipal building in which the units are located; and the developer's rental office. Applications shall be mailed to prospective applicants upon request.
9. The costs of advertising and affirmative marketing of the affordable units shall be the responsibility of the developer, sponsor or owner.

**14-22. Enforcement of Affordable Housing Regulations.**

1. Upon the occurrence of a breach of any of the regulations governing an affordable unit by an Owner, Developer or Tenant, the Township shall have all remedies provided at law or equity, including but not limited to foreclosure, tenant eviction, a requirement for household recertification, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.
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 Township may take the following action(s) against the Owner, Developer or Tenant for any violation that remains uncured for a period of sixty (60) days after service of the written notice:
  - a. The Township may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation or violations of the regulations governing the affordable housing unit. If the Owner, Developer or Tenant is adjudged by the Superior Court to have violated any provision of the regulations governing affordable housing units the Owner, Developer or Tenant shall be subject to one (1) or more of the following penalties, at the discretion of the Court:
    - i. A fine of not more than two thousand dollars (\$2,000.00) per day or imprisonment for a period not to exceed ninety (90) days, or both, provided that each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not a continuation of the initial offense;
    - ii. In the case of an Owner who has rented a very-low, low or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Township of Holmdel Affordable Housing Trust Fund of the gross amount of rent illegally collected;

- iii. In the case of an Owner who has rented a very-low, 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 Township may file a court action in the Superior Court seeking a judgment that would result in the termination of the Owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any such judgment shall be enforceable as if the same were a judgment of default of the First Purchase Money Mortgage and shall constitute a lien against the low or moderate-income unit.
- i. The judgment shall be enforceable, at the option of the Township, 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 Township, including attorney's fees. The violating Owner shall have his right to possession terminated as well as his title conveyed pursuant to the Sheriff's sale.
  - ii. 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 Township 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 Township in full as aforesaid, the violating Owner shall be personally responsible for the full extent of such deficiency, in addition to any and all costs incurred by the Township 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 Township for the Owner and shall be held in such escrow for a maximum period of two (2) years or until such earlier time as the Owner shall make a claim with the Township for such. Failure of the Owner to claim such balance within the two (2) year period shall automatically result in a forfeiture of such balance to the Township. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the Township, whether such balance shall be paid to the Owner or forfeited to the Township.
  - iii. Foreclosure by the Township 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 very-low, 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.

- iv. 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 Township may acquire title to the very-low, 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 very-low, 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.
- v. Failure of the very-low, low and moderate-income unit to be either sold at the Sheriff's sale or acquired by the Township shall obligate the Owner to accept an offer to purchase from any qualified purchaser which may be referred to the Owner by the Township, with such offer to purchase being equal to the maximum resale price of the very-low, low and moderate-income unit as permitted by the regulations governing affordable housing units.
- vi. 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.

**14-23. Appeals.**

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

Sections 14-24 to 14-29 are hereby reserved.

**Section 2.**

**BE IT FUTHER ORDAINED** that Chapter XIV entitled “Affordable Housing”, Article II entitled “Development Fee Provisions is hereby amended to read as follows: ”

(Changes are reflected in bold and deletions in strike-out)

**Section 14-31 (a)** entitled “Basic Requirements” is hereby amended to read as follows:

“This Article shall not be effective until approved by COAH **or the Court** pursuant to ~~N.J.A.C. 5:96-5.1~~ **applicable regulations.**”

**Section 14-31 (b)** entitled “Basic Requirements” is hereby amended to read as follows:

Holmdel Township shall not spend development fees until COAH **or the Court** has approved a plan for spending such fees in conformance with ~~N.J.A.C. 5:97-8.10 and N.J.A.C. 5:96-5.3~~ applicable regulations.

**Section 14-33** entitled “Residential Development Fees” shall be amended to read as follows:

The following residential fees **are imposed** ~~shall be determined annually by resolution of the Township Committee, in accordance with N.J.A.C. 5:97-8.3,~~ as follows:

**Section 14-35** entitled “Collection Procedures”, subsection (i) (1) entitled “Appeal of Development Fees” shall be amended to read as follows:

A developer may challenge residential development fees imposed by filing a ~~challenge with the County Board of Taxation~~ **prerogative writ action with the Superior Court of New Jersey.**

Section 14-36 (c) entitled “Affordable Housing Trust Fund” shall be amended to read as follows:

Within seven (7) days from the opening of the Trust Fund account, Holmdel Township shall provide COAH **or the court representative** with written authorization, in the form a three-party escrow agreement between the municipality, the bank, and COAH, **or the Court representative**, to permit COAH, **or the Court representative** to direct the disbursement of the funds as provided in ~~N.J.A.C. 5:97-8.13 (b)~~ **accordance with applicable law.**

Section 14-36 (d) entitled Affordable Housing Trust Fund shall be amended to read as follows:

“All interest accrued in the Housing Trust Fund shall only be used on eligible affordable housing activities approved by COAH, **or the Court.**”

Section 14-37 (a) entitled “Use of Funds” shall be amended to read as follows:

“The expenditure of all funds shall conform to a spending plan approved by COAH **or the Court.** Funds deposited in the housing trust fund may be used for any activity approved by COAH **or the Court.**”

Section 14-38 entitled “Monitoring” shall be amended to read as follows:

“Holmdel Township shall complete and return to COAH **or as directed by the Court** all monitoring forms included in monitoring requirements related to the collection of development fees from residential and non-residential developers, payments in lieu of constructing affordable units on site funds from the sale of units with extinguished controls, barrier free escrow funds, rental income, repayments from affordable housing program loans, and any other funds collected in in connection with Holmdel Township’s housing program, as well as to the expenditure of revenues and implementation of the plan certified by COAH **or approved by the Superior Court.** All monitoring shall be completed on forms designed by COAH **or as directed by the Superior Court.**”

Section 14-39 entitled “Ongoing Collection of Fees” shall be amended to read as follows:

“The ability for Holmdel Township to impose, collect and expend development fees shall expire with its substantive certification **or Judgment of Repose from the Superior Court** unless Holmdel Township has filed an adopted Housing Element and Fair Share Plan with **COAH or a declaratory judgment action with the Superior Court seeking approval of the Housing Element and Fair Share Plan and a Judgment of Repose**, and has received COAH’s **or the Superior Court’s** approval of its development fee ordinance. If Holmdel Township fails to renew its ability to impose and collect development fees prior to the expiration of substantive certification **or Judgment of Repose from the Superior Court**, it may be subject to forfeiture of any or all funds remaining within its municipal trust fund.” [No change to the balance of this Paragraph].

**Section 3.** If any article, section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional or invalid, such decision shall not affect the remaining portions of this Ordinance and they shall remain in full force and effect.

**Section 4.** In the event of any inconsistencies between the provisions of this Ordinance and any prior ordinance of the Township of Holmdel, the provisions hereof shall be determined to govern. All other parts, portions and provisions of the Revised General Ordinances of the Township of Holmdel are hereby ratified and confirmed, except where inconsistent with the terms hereof.

**Section 5.** The Township Clerk is directed to give notice at least ten (10) days prior to a hearing on the adoption of this ordinance to the Monmouth County Planning Board and to all other persons entitled thereto pursuant to N.J.S.A. 40:55D-15, and N.J.S.A. 40:55D-63 (if required).

**Section 6.** After introduction, the Township Clerk is hereby directed to submit a copy of the within Ordinance to the Planning Board of the Township of Holmdel for its review in accordance with N.J.S.A. 40:55D-26 and N.J.S.A. 40:55D-64.

**Section 7.** This Ordinance shall take effect immediately upon (1) adoption; (2) approval by the Mayor pursuant to N.J.S.A. 40:69A-149.7; (3) publication in accordance with the laws of the State of New Jersey; and (4) filing of the final form of adopted ordinance by the Clerk

with (a) the Monmouth County Planning Board pursuant to N.J.S.A. 40:55D-16, and (b) the Township Tax Assessor as required by N.J.S.A. 40:49-2.1.

INTRODUCED the 13 day of August, 2019.

ADOPTED the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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Eric Hinds, Mayor

ATTEST:

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Wendy Patrovich, Township Clerk

**LEGAL NOTICE**

The foregoing ordinance was introduced and passed on first reading at a meeting of the Township Committee of the Township of Holmdel held on August 13, 2019 and will be considered for final passage and adoption at a meeting for said Township Committee to be held on September 10, 2019 at Town Hall, 4 Crawfords Corner Road, Holmdel, NJ at 7:30 PM at which time and place all persons desiring to be heard thereon will be given full opportunity.

Eric Hinds, Mayor

Attest:

Wendy L Patrovich, RMC/CMR

Township Clerk