

CITY OF HOBOKEN SPENDING PLAN

INTRODUCTION

On November 9, 2020, the Superior Court approved the City's mandatory development fee ordinance. The ordinance includes residential development fees in the amount of 1.5% of the equalized assessed value of residential development (and 6% of equalized assessed value for residential development requiring a density variance) and nonresidential development fees in the amount of 2.5% of the equalized assessed value of nonresidential development.

As of April 1, 2025, Hoboken had collected a total of \$1,928,794.12 in development fees, interest, and other income. It had spent \$313,459.77 in development fees on new construction projects and administrative costs. All development fees, payments in lieu of constructing affordable units on site, other income, and interest generated by the fees are deposited in one separate interest-bearing account dedicated toward the creation of affordable housing (the "Affordable Housing Trust Fund"). These funds shall be spent in accordance with N.J.A.C. 5:93-8.16, as described in the sections that follow.

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 and/or creation of affordable housing dwellings. Additionally, the City will expend funds on affordability assistance, 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 the projection of revenue anticipated during the period of Third Round Judgement of Repose (July 1, 2025 to July 1, 2035), Hoboken considered the following:

(a) Development fees: \$2,500,000

Residential and non-residential projects which have had development fees imposed upon them, either at time of preliminary or final site plan approval or at time of zoning permit, including future development that is likely to occur based on historical rates of development and development fee collection.

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

Actual and committed payments in lieu of construction from developers. The City does not anticipate receiving payments-in-lieu of construction during the Fourth Round.

(c) Other funding sources: \$30,000

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. While most monies in the Affordable Housing Trust Fund are anticipated to come from development fees and interest, the City will dedicate an additional \$30,000 from its general funds towards the Affordable Housing Trust Fund in accordance with a Memorandum of Agreement between the City and the New Jersey Division of Civil Rights (“NJDCR MOA”), to be used for affordability assistance.

(d) Projected interest: \$200,000

Based on interest earned in previous years and projected rates of development fee revenue, the City anticipates collecting \$200,000 in interest during the Fourth Round.

This Spending Plan outlines the anticipated revenue to be generated from development fees and interest. Hoboken City projects a subtotal of \$2,730,000 to be collected between July 1, 2025 and July 1, 2035 including interest and other income, to be used for affordable housing purposes. The total, after adding the current balance in the Trust Fund, is projected to be **\$4,345,334.35**. All interest earned shall accrue to the municipal Affordable Housing Trust Fund 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 the City:

1. Collection of development fee revenues:

All collection of development fee revenues shall be consistent with local regulations for both residential and non-residential developments (Chapter 65B of the Municipal Code) and in accordance with N.J.S.A 40:55D-8.1 through 8.7.

2. Distribution of development fee revenues:

The City’s Department of Community Development will accept requests for the distribution of development fee revenues and make a recommendation to the governing body in compliance with this Spending Plan, the adopted Housing Element and Fair Share plan, the adopted Rehabilitation Program Manual and the adopted Affordability Assistance Program Manual. The governing body may hear and decide upon a request for development fee revenues for the purpose of rehabilitating and/or creating affordable housing. The governing body will review the request and the Department of Community Development’s

recommendation for consistency with the Spending Plan and if applicable adopt 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 municipal Affordable Housing Trust Fund for the specific use approved in the governing body resolution.

On July 1 of each year, the City shall post on its municipal website, with a copy provided to Fair Share Housing Center and the Department of Community Affairs, an annual Affordable Housing Trust Fund accounting report that shall detail all expenditures from and deposits into the City's Affordable Housing Trust Fund and a summary of revised totals in the Trust Fund, including the amount and purpose of the expenditures and the amount and source of the deposits.

DESCRIPTION OF ANTICIPATED USE OF FUNDS

Hoboken Housing Authority Redevelopment Plan: \$1,000,000

The City of Hoboken, the Hoboken Housing Authority, and other local partners have been collaborating on a years-long effort to redevelop the HHA campus in a multi-phase approach that minimizes displacement or temporary relocation of existing residents. The City anticipates significant costs associated with environmental review, right-of-way improvements, and other improvements in the planning, negotiation, and implementation of the Redevelopment Plan, that may not be financially feasible for a designated redeveloper to cover in a 100% affordable/subsidized development project.

Housing Improvement Program: \$300,000

Following the Court approval of the City's Spending Plan, an appendix to its 2023 Housing Element and Fair Share Plan, the City established its citywide Housing Improvement Program (or Rehab Program) to dedicate funds towards capital improvements necessary to bring units occupied by low and moderate income households into compliance with applicable building code. To date, the City has experienced some difficulty in attracting qualified property owners, or those with tenants who would qualify, even with a maximum of \$24,000 available per unit.

The City of Hoboken has a 126-unit rehabilitation obligation and while the obligation is being satisfied through the construction of new affordable housing development, the City has also implemented its Housing Improvement Program. All rehabilitated units will comply with the definition of a substandard units in N.J.A.C. 5:93-5.2(b) which states, "a unit with health and safety code violations that require the repair or replacement of a major system." Major

building wide systems and individual systems include weatherization, roofing, plumbing, heating, electricity, sanitary plumbing, lead paint abatement and/or load bearing structural systems. All rehabilitated units shall be occupied by very-low, low-, or moderate-income households and subject to 10-year affordability controls, which shall be placed on the property in the form of a lien or deed restriction prior to the issuance of any CO and upon completion of any necessary rehabilitation of the subject site. The City anticipates the commitment of approximately \$20,000 per unit for rehabilitation of low- and moderate-income households. It is anticipated that approximately 15 units will be rehabilitated during the Fourth Round.

Affordability Assistance Program: \$1,335,670.70

The City is required 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 Area Median Income for Region 1). The actual affordability assistance minimums should be calculated based on actual revenues.

Projected Minimum Affordability Assistance Program Requirement		
Actual Development Fees Collected through 4/1/2025	+	\$1,221,144.92
Actual Interest earned through 4/1/2025	+	\$135,649.18
Other income	+	\$572,000.02
Projected development fees 2025-2035	+	\$2,500,000.00
Projected interest 2025-2035	+	\$200,000.00
Less Housing Activity Expenditures per N.J.A.C. 5:93-8.16(c) including new construction	-	\$276,558.46
Total	=	\$4,352,235.66
Affordability Assistance Requirement	X 0.30 =	\$1,305,670.70
Other income per NJDCR MOA	+	\$30,000.00
Affordability Assistance Allocation	=	\$1,335,670.70
Very Low Income Requirement	/ 3 =	\$445,223.57

Based on collected development fees, other income, interest accrued, expenditures/encumbrances, and projected revenues and interest, the City must dedicate a minimum of 30% of revenues, which is anticipated to be \$1,335,670.70 from the Affordable Housing Trust Fund to render units more affordable in accordance with the City’s adopted Affordability Assistance Program Manual. Furthermore, \$445,223.57 of funds must be dedicated to render units more affordable to households with incomes at 30% or less of Area Median income for Region 1. Please refer to the Affordability Assistance Program Manual provided as an appendix to the Spending Plan for details as to how funds are anticipated to

be used. The Affordability Assistance Program Manual was most recently amended by the City Council on November 13, 2023, and may be further amended in accordance with the City’s adopted Affordable Housing Ordinance and approved Spending Plan. It may use a variety of vehicles to do this including but not limited to the following:

- Rental assistance
- Down-payment assistance
- Assistance with homeowners’ association or condominium fees and special assessments
- Conversion of low-income units to very low-income units or creating new very low-income units

The City will work with its affordable housing providers and Administrative Agent to expand outreach and ensure that new households of very low-, low-, and moderate-income units can take advantage of the Affordability Assistance Program and will work with affordable housing providers to convert low-income units to very low-income units.

Administrative Expenses: \$888,857.51

The City of Hoboken may use Affordable Housing Trust Fund revenue for related administrative costs up to 20% of revenues 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 Allowed Administrative Expenses		
Actual Development Fees Collected through 4/1/2025	+	\$1,221,144.92
Actual Interest earned through 4/1/2025	+	\$135,649.18
Other income	+	\$572,000.02
Projected development fees 2025-2035	+	\$2,500,000.00
Projected interest 2025-2035	+	\$200,000.00
Subtotal	=	\$4,628,794.12
20% Administrative Cap	X 0.20 =	\$925,758.82
Admin expenditures through 4/1/2025	-	\$36,901.31
Projected Allowed Administrative Expenses	=	\$888,857.51

Hoboken projects that \$888,857.51 may be available from the Affordable Housing Trust Fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20% cap, are as follows:

- Administrative Agent expenses including affirmative marketing, income qualifications of households, administration of the City’s affordable housing waitlists

- Attorney and planner fees related to plan preparation and implementation, and to obtaining Judgement of Compliance and Repose
- Administration costs related to the Housing Improvement Program, Affordability Assistance Program, extension of expiring controls, and municipally-sponsored new construction

New Construction 100% Affordable Housing: \$820,806.14

The City may spend up to \$820,806.14 of its Trust Fund towards new construction projects that are 100% affordable. These projects may include but are not limited to: the 36-unit affordable senior housing development at 259 11th Street (aka 1033 Willow Avenue) which was approved by the Zoning Board of Adjustment on September 24, 2024, and a 10-unit affordable housing development and food pantry at 122 Adams Street, which was approved by the Zoning Board of Adjustment on January 21, 2025. These expenditures may cover construction costs, architectural/engineering fees, application fees, or other costs related to the construction of these projects.

EXPENDITURE SCHEDULE

The City intends to use Affordable Housing Trust Fund revenues for its Housing Improvement Program, Affordability Assistance Program, municipally-sponsored 100% affordable housing construction projects such as 1033 Willow Ave and 122 Adams Street, and administrative expenses. Additionally, this expenditure schedule meets the requirement that Trust Fund revenues are expended within four years of their collection.

Program	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
HHA	-	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$100k	\$1m
Rehab	\$15k	\$30k	\$30k	\$30k	\$30k	\$30k	\$30k	\$30k	\$30k	\$30k	\$15k	\$300k
AAP	\$66.5k	\$133k	\$133k	\$133k	\$133k	\$133k	\$133k	\$133k	\$133k	\$133k	\$66.5k	\$1.33m
Admin	\$44.5K	\$88.9k	\$88.9k	\$88.9k	\$88.9k	\$88.9k	\$88.9k	\$88.9k	\$88.9k	\$88.9k	\$44.5k	\$889k
100% Aff	\$41k	\$82.1k	\$82.1k	\$82.1k	\$82.1k	\$82.1k	\$82.1k	\$82.1k	\$82.1k	\$82.1k	\$41k	\$821k
Total	\$165.4k	\$430.8k	\$430.8k	\$430.8k	\$430.8k	\$430.8k	\$430.8k	\$430.8k	\$430.8k	\$430.8k	\$265.4k	\$4.345m

EXCESS OR SHORTFALL OF FUNDS

In accordance with NJAC 5:93-5.1(c)6, if a shortfall of anticipated revenues occurs to implement the affordable housing compliance plan, Hoboken will utilize alternate funding sources to satisfy the gap in funding. If funds exceed projected expenditures, the City will devote any excess funds to the rehabilitation program, the 100% municipally sponsored affordable housing projects and/or additional affordability assistance above the 30% minimum requirement. Alternatively, the City reserves the opportunity to amend its Housing

Element and Fair Share Plan, as well as this Spending Plan, to create additional affordable housing opportunities in which to spend the excess funding.

SUMMARY

The City of Hoboken intends to spend Affordable Housing Trust Fund revenues pursuant to the regulations governing such funds and consistent with the housing programs outlined in the 2025 Fourth Round Housing Element and Fair Share Plan and with this Spending Plan.

As of April 1, 2025

+ Development fees collected: \$1,221,144.92

+ Interest accrued: \$135,649.18

+ Other contributions: \$572,000.02

- Expenditures: \$313,459.77

- Administrative costs: \$36,901.31
- New construction costs (1033 Willow Ave): \$276,558.46

= Balance: \$1,615,334.35

+ Projected development fee collections 2025-2035: \$2,500,000

+ Projected interest accrued 2025-2035: \$200,000

+ Projected other income 2025-2035: \$30,000

= Sum of balance and project collections/interest (SB1): \$4,345,334.35

- Projected expenditures 2025-2035 (PE1):

Program	Requirement	Amount
Hoboken Housing Authority Redevelopment	-	\$1,000,000
Housing Improvement Program	-	\$300,000
Affordability Assistance Program	Min. 30% of revenue	\$1,335,670.70
Administrative Expenses	Max. 20% of revenue	\$888,857.51
100% Affordable Projects	-	\$820,806.14
Total	-	\$4,345,334.35

= Projected balance 2035: \$4,345,334.35 (SB1) - \$4,345,334.35 (PE1) = \$0.00

APPENDIX A – City of Hoboken Affordability Assistance Program Manual