Amended March 2026

BOROUGH OF ENGLEWOOD CLIFFS
FOURTH ROUND AFFORDABLE HOUSING TRUST FUND SPENDING PLAN

I. INTRODUCTION

The Borough of Englewood Cliffs' affordable housing trust fund was first established through the adoption of the Borough's Development Fee Ordinance. On October 18, 2006, COAH approved the Borough's proposed development fee ordinance ("DFO"). The Borough adopted the DFO as Ordinance 2006-25 on December 20, 2006, which was later amended by Ordinance 2009-08, approved by COAH on April 13, 2009 and adopted June 10, 2009. As part of the Borough's Third Round compliance, the Development Fee Ordinance was once again amended and was adopted via Ordinance No. 20-18. The Court approved the amended Development Fee Ordinance via the Final JOR issued on December 22, 2020. As part of the Borough's compliance with its Fourth Round affordable housing obligations, the existing Affordable Housing Ordinance ("AHO") was repealed and replaced with a new AHO implementing the Fourth Round affordable housing regulations consistent with the amended Fair Housing Act (N.JS.A. 52::27D-301 et seq.), Uniform Housing Affordability Controls ("UHAC") (N.J.A.C. 5:80-26.1 et seq.), and other applicable laws. This new AHO, which is inclusive of updated development fee regulations, was adopted via Ordinance No. 2026-04 on March 11, 2026.

As part of the Third Round, a Spending Plan was prepared to be adopted as part of the Borough's Third Round Housing Element and Fair Share Plan ("HEFSP") detailing how the Borough of Englewood Cliffs intended to spend its affordable housing trust fund revenues pursuant to N.J.S.A 52:27D-329.2 and in alignment with the housing programs outlined in the HEFSP. During the course of the Third Round, the Borough prepared an HEFSP, which was adopted by the Planning Board on January 7, 2019. On December 22, 2020, a Declaratory Judgment of Compliance and Repose ("JOR") was granted, which approved the Borough's Third Round HEFSP and associated appendices, including the Borough's Third Round Spending Plan.

As part of the Borough's compliance with its affordable housing obligations for the Fourth Round, the Borough has prepared this Spending Plan for the Fourth Round period in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.) and the Fair Housing Act (N.J.S.A. 52:27D-301 et seq.). The use of the Borough's affordable housing trust fund shall comply with the regulations of the Fair Housing Act, the Uniform Housing Affordability Controls, the Borough's Affordable Housing Ordinance, and any other applicable law, as amended, and this Fourth Round Spending Plan shall be adopted and subject to revision to maintain consistency with the Borough's Fourth Round HEFSP, and any other order issued by the Program Judge or Superior Court Judge related to the Borough's Fourth Round HEFSP, as may be amended. This Spending Plan is submitted to the Superior Court of New Jersey for approval as an appendix to the Borough's Fourth Round Housing Element and Fair Share Plan.

Per the Borough's affordable housing trust fund bank statement ending on December 31, 2025, the Borough had a balance of $1,369,642.44 in its affordable housing trust fund. All development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, and interest generated by the fees are deposited in a separate interest-bearing affordable housing trust fund at TD Bank for the purposes of affordable housing. These

funds shall be spent in accordance with N.J.S.A. 52:27D-329.2 and N.J.A.C. 5:99 as described in the sections that follow.

1. REVENUES FOR CERTIFICATION PERIOD

To calculate a projection of revenue anticipated through the Fourth Round period (July 1, 2025 - June 30, 2035), the Borough has considered the following:

(a) Development fees:

1. Future development that is likely to occur based on historical rates of development.

(b) Payment in lieu (PIL)

(c) Other funding sources:

May include reimbursements from overpayments of administrative expenses and/or reconciliations of errors within the trust fund account ledger.

(d) Projected interest

2. REVENUE PROJECTION

One of the primary sources of revenue for the Borough's affordable housing trust fund is through development fees. Development fees are issued as a percentage of the equalized assessed value for residential and non-residential development, with this percentage differing based on the type of development. The collected payments of residential and non-residential development fees are then deposited into the Borough's affordable housing trust fund and are to be used and expensed in accordance with N.J.S.A. 52:27D-329.2 and N.J.A.C. 5:99. The process for the imposition and collection of residential development fees, including any applicable exactions and exemptions, is provided in § 30-19.W.3 of the Englewood Cliffs Borough Code. The process for the imposition and collection of non-residential development fees, including any applicable exactions and exemptions, is provided in § 30-19.W.4 of the Englewood Cliffs Borough Code.

Given that this Spending Plan has been prepared at the start of the ten-year Fourth Round period, and assuming the variability of development trends over the next decade, the projection of revenue in the Borough's affordable housing trust fund during the Fourth Round is simplified by combining the income from residential development fees, non-residential development fees, fees from Redevelopment Agreements, interest, and other income over the last five years to calculate an annual income average. This annual income average is then redistributed over the forthcoming ten-year Fourth Round period.

Per the Borough's Affordable Housing Monitoring System (AHMS), which is used to report the Borough's trust fund transactions to the DCA, over the five-year period of December 31, 2019 to December 31, 2024, the Borough collected approximately $3,080,109.26 in development fees and other income (which may include reimbursements from overpayments of administrative expenses and reconciliations of errors within the trust fund account ledger), and approximately $187,602.03 in interest, therefore totaling to $3,267,711.29 in total income in the affordable housing trust fund during this period. However, approximately $1,943,041.80 of this income total consists of two non-residential development fee payments for the LG site (111 Sylvan Avenue), which were collected at $617,825 on August 17, 2017 and $1,325,216.80 on November 12, 2021. Given that it is highly unlikely that the Borough will receive another development fee of that magnitude over the next decade, for the purposes of projecting future income in this Spending Plan, $1,943,041.80 has been subtracted from the total income of $3,267,711.29 from December 31, 2019 to December 31, 2024, therefore totaling to a more "realistic" sum of $1,684,669.49 in total income (consisting of approximately $1,497,067.46 in development fees and other income and approximately $187,602.03 in interest) collected over this five-year lookback period. Using this adjusted total income of $1,684,669.49, on average, the Borough collected approximately $336,933.90 per year (consisting of approximately $299,413.50 in development fees and other income and approximately $37,520.40 in interest), or approximately $28,077.82 per month (consisting of approximately $24,951.12 in development fees and other income and approximately $3,126.70 in interest), in its affordable housing trust fund. Based on the assumption that development occurs at a similar rate over the next decade and interest rates have limited fluctuation, a total of $3,369,338.98 (consisting of approximately $2,994,134.92 in development fees and other income and approximately $375,204.06 in interest) in revenue from development fees, interest, and other income is projected to be collected from July 1, 2025 to June 30, 2035.[1]

Based on a projected existing balance, exclusive of any expenditures, of $929,541.07 at the start of the Fourth Round period (calculated by summing the December 2024 trust fund balance of $761,074.12 + January 1, 2025 through June 30, 2025 projected income of $168,466.95 from development fees, Redevelopment Agreement fees, and interest) and the projected income over the ten-year Fourth Round period ($3,369,338.98), this Spending Plan projects a total balance of approximately $4,298,880.05 by June 30, 2035 prior to any expenditures from the account.[2]

Furthermore, all revenue from the affordable housing trust fund collected during the Third Round period shall be allocated as provided in the adopted Third Round Spending Plan. This Fourth Round Spending Plan therefore only provides an allocation of funds projected

[1] For simplification purposes, interest is grouped with development fees as total projected revenue; however, in reality, the collected interest each year will vary subject to the timing and amount of funds expended from the affordable housing trust fund.

[2] This Spending Plan, amended as of March 2026, has been prepared with the acknowledgment that an additional year of affordable housing trust fund transactions have occurred through December 2025 which have not been factored into the revenue projection calculations of this amended Spending Plan. However, given the uncertainty of development trends that may occur over the ten-year Fourth Round period, and considering the balance projected in the affordable housing trust fund (prior to any expenditures) by December 2025 is relatively consistent with the actual balance per the Township's December 2025 bank statement, the projections remain unchanged for the purposes of this Spending Plan and may be subject to further amendment throughout the Fourth Round period.

to be collected during the Fourth Round, as the remaining revenue within the affordable housing trust fund has been set aside to be spent as outlined in the adopted Third Round Spending Plan. Should any change in circumstances necessitate the allocation of funds as detailed in the Third Round Spending Plan to be modified, the Borough reserves the right to amend the Fourth Round Spending Plan to address any adjustments to the apportionment of existing trust fund monies.

3. 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 Borough of Englewood Cliffs:

(a) Collection of Development Fee revenues:

Collection of development fee revenues shall be consistent with the Borough of Englewood Cliffs' development fee regulations for both residential and non-residential developments as provided in §30-19.W of the Borough Code and in accordance with P.L. 2024, c.2 and P.L.2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

Pursuant to a development approval by the Board having jurisdiction, the Borough Clerk will notify the construction official of the approval. At the time of construction permit application, the construction official will notify the tax assessor and request an initial calculation of the equalized assessed value (EAV) of the proposed development and the resulting fee to be posted. One-half of the fee will be due at the time of issuance of the first building permit. For non-residential development only, the developer will be provided a copy of Form N – RDF "State of New Jersey Non-Residential Development Certification/Exemption". This form will be used by the tax assessor to verify exemptions and to prepare estimated and final assessments.

At the time of request for the final inspection, the construction official will notify the tax assessor and request confirmation of, or modification of, the initial (EAV) as the case may be. The final (EAV) will be provided to the developer within ten (10) days of the request for final inspection. Payment of the fee will then become a condition of issuance of the certificate of occupancy.

4. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

Based on the $3,369,338.98 in revenue from development fees, interest, and other income projected to be collected in the Borough's affordable housing trust fund during the Fourth Round period, the Borough anticipates to expend available funds as detailed below. Upon approval by the Court, the Borough acknowledges that the expenditures of funds contemplated herein shall constitute the "commitment" for expenditure required pursuant to N.J.S.A. 52:27D-329.2, with the ten-year time period contemplated therein commencing in accordance with the provisions of In re Tp. Of Monroe, 442 N.J. Super. 565 (Law Div. 2015)

(aff'd 442 N.J. Super. 563). Expenditures are not detailed on an annual basis for the purposes of this expenditure plan to avoid misrepresentation of the availability of funds throughout the Fourth Round period. This Spending Plan shall be subject to future amendment to represent the actual funds collected and expended throughout the progression of the Fourth Round.

(a) **Fourth Round Projects**

i. **Rehabilitation Projects (N.J.S.A. 52:27D-329.2)**

The Borough's Fourth Round present need (rehabilitation) obligation is zero (0). While the Borough is not required to provide any units towards its Rehabilitation obligation during the Fourth Round, the Borough may elect to facilitate the rehabilitation of units through participation in a rehabilitation program to be credited towards any future present need obligation, and shall amend the Spending Plan to reflect funding of such program.

ii. **Costs Associated with the New Construction of Affordable Units (N.J.S.A. 52:27D-329.2)**

The Borough will dedicate funding towards the new construction of affordable units during the Fourth Round period for projects set forth in the Borough's Fourth Round HEFSP or projects proposed while the Fourth Round progresses.

Funds for the construction of new affordable units will be allocated on a project-by-project basis as a project realistically moves forward. Additional funding towards the project(s) will likely be sought through and be the subject of a 9-percent NJHMFA tax credit application or other funding source. The Borough may also elect to use funds dedicated for new construction towards the creation and/or maintenance of special needs/supportive housing and groups homes.

Per N.J.AC. 5:99-2.3, "A municipality may use affordable housing trust funds for any housing activity as itemized in the spending plan and approved by the Program or court of competent jurisdiction or as approved by the Division as an emergent opportunity to create affordable housing. Such activities include, but are not limited to… Extensions or improvements of roads and infrastructure directly serving affordable housing development sites; in the case of inclusionary developments, costs shall be prorated based on the proportion of affordable housing units included in the development." In accordance with N.J.AC. 5:99-2.3, as part of the expenditures dedicated towards costs associated with the new construction of affordable units provided for in this Spending Plan, the Borough may elect to use affordable housing trust funds towards infrastructure improvements demonstrated to directly serve affordable developments.

iii. **Costs Associated with the Extensions of Controls Program (for ownership units per N.J.A.C. 5:97-6.14 and UHAC at N.J.A.C. 5:80-26.6(h) through (k) and (m); and for rental units per N.J.A.C. 5:97-6.14 and N.J.A.C. 5:80-26.12(h) through (k))**

The Borough may dedicate funding towards units for which extensions of controls will be completed in the Fourth Round. Should the Borough elect to extend affordability controls for units in compliance with the regulations provided in N.J.A.C. 5:97-6.14 and UHAC, the Borough agrees to put forth a minimum contribution for each unit if and/or as may be required by N.J.A.C. 5:97-6.14 and UHAC. The Borough reserves the right to amend this Spending Plan as necessary to reflect the available funds within the municipal affordable housing trust fund which shall be expended for executing extensions of affordability controls on eligible units.

(b) **Affordability Assistance (N.J.S.A. 52:27D-329.2)**

The enabling legislation for the Fourth Round, at N.J.S.A. 52:27D-329.2.c(3), specifies that municipalities must set aside a portion of their development fee trust fund for the purpose of providing affordability assistance — without providing a minimum percentage of what this portion shall be. The Borough commits to dedicating a portion of its development fee revenue collected throughout the Fourth Round for affordability assistance. The total funds used for affordability assistance shall be subject to the Borough's use of available funds for Fourth Round projects, and the other project expenditures identified in this Spending Plan, and in compliance with the 20 percent administrative expenses cap as outlined in Sections I.4(a) and I.4(c) of this Spending Plan.

Per N.J.A.C. 5:99-2.5, the Borough may use funds for affordability assistance as follows:

(a) A municipality shall 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 pursuant to N.J.S.A. 52:27D-329.1.
   1. Affordability assistance for very-low-income households may include offering a subsidy to developers of inclusionary or 100 percent affordable housing developments or buying down the cost of low- or moderate-income units in a municipal fair share plan to make them affordable to very low-income households, including special needs and supportive housing opportunities.

(b) A municipality may contract with a private or public entity to administer any part of its housing element and fair share plan, including the requirement for affordability assistance, or any program or activity for which the municipality expends development fee proceeds.

An Affordability Assistance Manual will be prepared by the Borough's Administrative Agent.

(c) **Administrative Expenses (N.J.S.A. 52:27D-329.2)**

Per N.J.S.A. 52:27D-329.2, "Not more than 20 percent of the revenues collected from development fees shall be expended on administration, in accordance with rules of the department." The actual administrative expense maximum is calculated on an ongoing basis based on actual revenues. The Borough commits to expending Fourth Round affordable housing trust fund revenues on administrative costs below the 20 percent cap as required by statute.

Per N.J.A.C. 5:99-2.4, funds for administrative expenses may be used as follows:

a) No more than 20 percent of all affordable housing trust funds, exclusive of those collected prior to July 17, 2008, to fund an RCA, shall be expended on administration.

b) Administrative expenses may include costs reasonably related to the determination of the fair share obligation and the development of a municipal housing element and fair share plan and may include fees necessary to develop or implement affordable housing programs, an affirmative marketing program, and/or expenses that are reasonably necessary for compliance with the processes of the Program, including, but not limited to, the costs to the municipality of resolving a challenge pursuant to the Program.

c) Administrative expenses may also include costs associated with functions carried out in compliance with UHAC, including activities related to the marketing program and waitlist management, administering the placement of occupants in housing units, income qualification of households, monitoring the turnover of sale and rental units, preserving existing affordable housing, and compliance with the Division's monitoring requirements.

d) The proportion of a municipal employee's salary related to the MHL or RCA administrator functions and fees for required educational programs, may be paid as an administrative expense from the municipal affordable housing trust fund.

6. EXCESS OR SHORTFALL OF FUNDS

The Borough of Englewood Cliffs acknowledges that the actual revenue collected may be less than what is projected in this Spending Plan for a variety of reasons, including, but not limited to: (a) a moratorium on collection of development fees may be imposed by law; and (b) the actual amount of development in the Borough may be less than what is anticipated. Should there be a shortfall of funds, the Borough agrees that in no event shall it utilize more than 20% of the revenue collected from development fees, Redevelopment Agreement fees, and interest for administration.

The Borough intends to expend all current and future revenues toward the mechanisms, as described in this Spending Plan. In the event of an excess of funds, these would be dedicated toward supplementing any programs or projects within the regulatory limits as described herein. The Borough reserves the right to use the remainder first toward emerging mechanisms and for additional assistance where needed to support mechanisms included in the Borough's Housing Element and Fair Share Plan as needed, in accordance with the requirements set forth in P.L. 2024, c.2. Should there be a surplus beyond emerging mechanisms, et. al., the Borough reserves the right to use the remainder toward the next round of affordable housing, which will be addressed by an adopted Spending Plan in a timeframe that will satisfy the requirements of N.J.S.A 52:27D-329.2. The Borough reserves the right to submit an updated Spending Plan to reflect any change in circumstance of the mechanisms and funds detailed herein.

II. SUMMARY

The Borough of Englewood Cliffs intends to spend affordable housing trust fund revenues pursuant to N.J.S.A. 52:27D-329.2 and consistent with the housing programs outlined in the Housing Element and Fair Share Plan that evolves from the Borough's ongoing compliance efforts.

The Borough recognizes that the projections in this Spending Plan are generated from a baseline assumption that development over the last five years will continue at a similar rate over the ten-year Fourth Round period, and the Borough therefore reserves the right to amend the contents of this Spending Plan to reflect a change in the Borough's development climate, Fourth Round HEFSP, development fee regulations, and/or any circumstance impacting the projections detailed herein.

Regarding the Fourth Round period, the Borough projects approximately $3,369,338.98 to be collected from development fees, Redevelopment Agreement fees, interest on existing funds, and other income from July 1, 2025 through June 30, 2035. Of this projected $3,369,338.98 to be collected during the Fourth Round, the Borough intends to dedicate a portion towards affordability assistance (which shall be subject to the Borough's use of available funds for Fourth Round projects and in compliance with the 20 percent administrative expenses cap as outlined in Section I.4(a) and 1.4(c) of this Spending Plan) and no more than 20% of actual income collected to cover administrative costs. The remaining amount of income collected in the Borough's affordable housing trust fund during the Fourth Round is intended to be used toward Fourth Round projects (which includes rehabilitation projects, and new construction of affordable units — including funds that may be used towards special needs/group home units — and/or extensions of expiring controls), which will be allocated on a project-by-project basis as the specificity of these projects becomes more apparent over the Fourth Round period. The Borough anticipates that the balance of revenues

collected less expenses from July 1, 2025 to June 30, 2035 will be as close to zero dollars ($0) as possible whereas any excess funds would be dedicated toward supplementing any programs or projects within the limits as described herein, toward emerging mechanisms pursuant to N.J.S.A. 52:27D-329.2, or reserved toward compliance with the next round of affordable housing in accordance with the Fair Housing Act.

TABLE 1: FOURTH ROUND SPENDING PLAN SUMMARY ENGLEWOOD CLIFFS, BERGEN COUNTY, NEW JERSEY		
TRUST FUND BALANCE 12/31/2025		**$1,369,642.44**
PROJECTED REVENUE 7/1/2025 – 6/30/2035		
Development fees, Redevelopment Agreement Fees, Other Income	+	$2,994,134.92
Interest on existing funds	+	$375,204.06
TOTAL PROJECTED REVENUE 7/1/2025 – 6/30/2035	=	**$3,369,338.98**
PROJECTED EXPENDITURES 7/1/2025 – 6/30/2035		
Funds towards Fourth Round Projects (new construction/rehabilitation/extensions of controls/special needs and group homes)	-	TBD (Minimum of $2,695,471.19 minus TBD portion used for affordability assistance)
Affordability assistance	-	Portion TBD (subject to the Borough's use of available funds for the Fourth Round projects, and in compliance with the 20 percent administrative expenses
Administration	-	Maximum 20% of actual funds (up to $673,867.79)
TOTAL PROJECTED EXPENDITURES 7/1/2025 – 6/30/2035	=	**$3,369,338.98**
REMAINING BALANCE	=	**$0**