

# **2021 AFFORDABLE HOUSING ANNUAL MONITORING REPORT**

## **BOROUGH OF HIGHLANDS**

**Monmouth County, New Jersey**

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## **BOROUGH OF HIGHLANDS, MONMOUTH COUNTY 2021 ANNUAL MONITORING REPORT**

The purpose of this Report is to outline the status of the Borough of Highlands' affordable housing projects as well as to account for affordable housing trust fund activity. Highlands Borough executed a Settlement Agreement with Fair Share Housing Center (FSHC) on June 19, 2019 and was issued a Final Order Judgement of Compliance and Repose (JOR) on July 3, 2019. Pursuant to the Court-approved Settlement Agreement, on each anniversary of the Settlement Agreement, the Borough shall provide annual reporting of the status of all affordable housing activity within the Borough. The following constitutes that report. Pursuant to the 2019 Court-approved Settlement Agreement, Highlands Borough's Affordable Housing Obligation is as follows:

Rehabilitation Share: 65  
Prior Round Obligation: 20  
Third Round Total Obligation: 72  
Third Round RDP: 10  
Third Round Unmet Need: 62

### **GENERAL INFORMATION AND TRUST FUND MONITORING**

The Borough of Highlands adopted their Spending Plan on October 16, 2019 via Resolution #19-260 and it was approved by the Court on May 22, 2020. The Borough's Development Fee Ordinance (found at §150-20 of the Borough's Municipal Code) establishes that the Borough will create a dedicated account for all development fees, payments in lieu of constructing affordable units on-site, and funds from the sale of units with extinguished controls, as well as the interest generated. The Borough is in the process of administratively establishing a dedicated trust fund account for the purposes of affordable housing, in accordance with N.J.A.C. 5:93 and applicable regulations. On June 24, 2020, the Borough paid \$100,000 out of its general fund to the Affordable Housing Alliance (AHA) to deed restrict 10 market-rate units in Monmouth Highlands Apartments in accordance with the Spending Plan.

### **PRIOR AND THIRD ROUND MONITORING**

#### **BUILT**

Ptak Towers: 2 credits to RDP; 15 credits to Unmet Need

Ptak Towers is located on Lots 16, 19.01 and 24 of Block 61, known as 215 Shore Drive. This project is a 100% affordable, age-restricted development that consists of 95 one-bedroom senior rental units, deed-restricted for very low- and low-income households. Occupancy began in 1986 and a Rental Assistance Demonstration (RAD) Agreement with the US Department of Housing and Urban Development was signed on July 27, 2018, re-establishing a control period of 20 years.

Monmouth Highlands Apartments: 6 credits and 2 rental bonus credits to RDP

Monmouth Highlands Apartments is located on Lots 5.01 through 5.16 of Block 20, known as 37 Navesink Avenue. This project is a 100% affordable development with 16 one-bedroom family rental units. The 30-year control period began with the signing of the deed restriction on April 27, 2020. At present, 12 units are occupied by very low-income households and three (3) units are occupied by low-income households. The single remaining vacant unit is being actively marketed.

#### **ONGOING**

Shadow Lawn Redevelopment Plan Area

The Shadow Lawn Redevelopment Area encompasses Lot 1.1 of Block 105.107 along Ocean Boulevard. The Redevelopment Plan was adopted on December 19, 2018 and serves as inclusionary zoning, as it requires a 15% affordable housing set-aside. The Plan provides for 13

acres to be developed at a maximum density of 30 dwelling units per gross acre, for a total of 390 units, 59 of which will be affordable. The credits from these units will be applied to the Third Round Unmet Need. No applications have triggered the set-aside to date.

**Mandatory Set-Aside Ordinance (MSO)**

Ordinance #19-17 adopted on October 16, 2019 establishes a Borough-wide mandatory set-aside. All new multifamily residential development of five (5) or more units requires a 15% set-aside for rental units and a 20% for for-sale units. The credits from these units will be applied to the Third Round Unmet Need. No applications have triggered the set-aside to date.

**REHABILITATION PROGRAM MONITORING**

The Borough of Highlands has a Rehabilitation/Present Need obligation of 65 units. As detailed in the Spending Plan, the Borough retains the option to utilize \$90,855 from the Affordable Housing Trust Fund to implement its own municipal-wide renter/owner rehabilitation program or contract with a separate entity to undertake rehabilitation efforts in the Borough. The Borough may also address its Present Need through participation in the Monmouth County Rehabilitation Program. The Court has determined that this partnership with the County is sufficient to meet the Borough's Present Need Obligation.

**County Rehabilitation Update**

In Monmouth County, Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funding is coordinated and administered by the Community Development Department. The CDBG Program provides block grant funds for communities to carry out affordable housing and community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. The HOME Program is a housing rehabilitation program for renter- or owner-occupied units. Funds from the HOME program are typically issued to nonprofit organizations, individuals, corporations, and other public entities that are in partnership with communities. From 2009 to 2017, approximately \$25,000 in CDBG funding was expended on five (5) rehabilitation projects in the Borough. There have been no subsequent rehabilitation projects since 2017.

**VERY LOW-INCOME REPORTING**

The Borough will ensure that 13% of all of the affordable units created under the Implementation Plan, with the exception of units constructed as of July 1, 2008 and units subject to preliminary or final site plan approval as of July 1, 2008, will be affordable to very low-income households. Half of the very low-income units will be made available to families. The Borough intends to comply with the very-low-income requirement through the following actions:

- Pursuant to the April 27, 2020 Deed and conversations with Affordable Housing Alliance, 12 of the 16 units at Monmouth Highlands Apartments (37 Navesink Avenue) are occupied by very low-income households, far exceeding the required minimums established in the Court-approved Settlement Agreement.
- Requiring 13% of the affordable units to be developed as part of the Shadow Lawn Redevelopment Area (Lot 1.1 in Block 105.107) to be made available to very-low-income households.
- Ensuring that 13% of any affordable units are developed through the Borough-wide affordable housing mandatory set-aside ordinance (MSO).

| <b>Highlands Borough Affordable Housing<br/>Very Low-Income Breakdown Analysis</b> |   |                  |                   |                   |
|--|---|------------------|-------------------|-------------------|
| <b><u>Development</u></b>  | <b><u># OF TOTAL AH<br/>UNITS POST 2008</u></b> | <b><u>VL</u></b> | <b><u>Low</u></b> | <b><u>Mod</u></b> |
| Ptak Towers  | 0   | 47               | 47                | -                 |
| Monmouth Highlands Apartments  | 0   | 12               | 3                 | -                 |
| Shadowlawn Redevelopment Area  | TBD   |                  |                   |                   |
| Mandatory Set-Aside Ordinance  | TBD   |                  |                   |                   |
| <b>CONSTRUCTED TOTALS</b>  | <b>0</b>  | <b>59</b>        | <b>50</b>         | <b>-</b>          |