

**TOWNSHIP OF VERONA
COUNTY OF ESSEX, STATE OF NEW JERSEY**

RESOLUTION No. 2026-058

A motion was made by Councilman Roman; seconded by Councilwoman McGrath that the following resolution be adopted:

**ADOPTING THE FOURTH ROUND AFFORDABLE HOUSING TRUST
FUND SPENDING PLAN FOR THE TOWNSHIP OF VERONA**

WHEREAS, The Township of Verona has prepared a Housing Element and Fair Share (“HEFSP”) 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).; and

WHEREAS, The Township of Verona first adopted Ordinance 2007-01, a development fee ordinance on March 5, 2007 to begin funding its affordable housing trust fund.; and

WHEREAS, 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 into this separate, interest-bearing Affordable Housing Trust Fund “Trust Fund” for the purposes of affordable housing, these funds shall be spent in accordance with applicable affordable housing regulations; and

WHEREAS, N.J.A.C. 5:99 requires that a municipality which has adopted a HEFSP and intends to collect development fees and other permitted revenues to fund the implementation of an approved HEFSP shall adopt a plan for spending current funds and funds anticipated to be collected during the affordable housing round (“spending plan”); and

WHEREAS, the most recent spending plans were adopted by the Township in June of 2023 for the implementation of the Township’s Third Round HEFSP and in June of 2025 for the implementation of the Township’s Fourth Round HEFSP.

THEREFORE, BE IT RESOLVED, by the Township Council of the Township of Verona in the County of Essex, New Jersey hereby adopts the Amended Fourth Round Spending Plan that is attached hereto as Exhibit A.

ROLL CALL:

AYES: Holland, McGrath, Roman, McEvoy, Tamburro

NAYS:

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND EXACT COPY OF A RESOLUTION ADOPTED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF VERONA AT A REGULAR MEETING HELD ON MARCH 9, 2026.


**JENNIFER KIERNAN, RMC, CMC
MUNICIPAL CLERK**



EXHIBIT A



AMENDED TOWNSHIP OF VERONA

FOURTH ROUND AFFORDABLE HOUSING SPENDING PLAN

February 26, 2026

INTRODUCTION

The Township of Verona has prepared a Housing Element and Fair Share (“HEFSP”) 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). The Township of Verona first adopted a development fee ordinance on March 5, 2007 to begin funding its affordable housing trust fund.

N.J.A.C. 5:99 requires that a municipality which has adopted a HEFSP and intends to collect development fees and other permitted revenues to fund the implementation of an approved HEFSP shall adopt a plan for spending current funds and funds anticipated to be collected during the affordable housing round (“spending plan”). The most recent spending plans were adopted by the Township in June of 2023 for the implementation of the Township’s Third Round HEFSP and in June of 2025 for the implementation of the Township’s Fourth Round HEFSP.

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 into this separate, interest-bearing Affordable Housing Trust Fund “Trust Fund” for the purposes of affordable housing. These funds shall be spent in accordance with applicable affordable housing regulations.

1. REVENUES FOR CERTIFICATION PERIOD

As of January 1, 2026, the Township of Verona has a balance of **\$3,305,602** in its Affordable Housing Trust Fund. All of Verona’s development fees, payments in lieu of constructing affordable units on site, funds from the sale of units with extinguished controls, interest generated on the trust fund, and other permitted revenues, are deposited in separate interest-bearing affordable housing trust funds in Citizens Bank for the purposes of affordable housing. All housing trust fund monies shall be spent in accordance with current affordable housing rules as described in the sections that follow.

To date, the Township has collected **\$683,330** in fees and interest and **\$3,250,000** in payments in lieu of construction of on-site affordable housing. The Township has expended **\$480,030** on affordable housing activities and **\$170,530** in consulting fees and other administrative costs.

The Township projects the following revenue through the end of Round 4 (June 30, 2035).

- (a) Development fees: Based on historical trends, the Township is estimating annual development fees that total **\$194,424** through June 30, 2035.
- (b) Payment in lieu (PIL): The Township does not currently anticipate the contribution of any payments in lieu for the municipal Affordable Housing Trust Fund through June 30, 2035.
- (c) Other funding sources: The Township does not anticipate any other funding sources through June 30, 2035.
- (d) Projected interest: It is estimated that the Township of Verona will collect approximately **\$3,257** in total interest through June 30, 2035.

TABLE 1: PROJECTED REVENUES											
Affordable Housing Trust Fund, January 1, 2026 through June 30, 2035											
Source	1/1/26- 12/31/26	1/1/27- 12/31/27	1/1/28- 12/31/28	1/1/29- 12/31/29	1/1/30- 12/31/30	1/1/31- 12/31/31	1/1/32- 12/31/32	1/1/33- 12/31/33	1/1/34- 12/31/34	1/1/35- 6/30/35	Total
a) Development Fees	\$15,000	\$20,000	\$22,000	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649	\$22,082	\$11,262	\$194,424
b) PIL Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c) Other Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d) Interest	\$212	\$585	\$439	\$297	\$108	-\$3	\$186	\$380	\$579	\$475	\$3,257
Total	\$15,212	\$20,585	\$22,439	\$20,297	\$20,508	\$20,805	\$21,410	\$22,028	\$22,661	\$11,737	\$197,682

The Township of Verona projects a total of **\$197,682** in revenue and interest to be collected between January 1, 2026 and June 30, 2035. This projected amount, when added to the Township of Verona's trust fund balance of **\$3,305,602** results in anticipated total revenue of **\$3,503,284** available to fund and administer its affordable housing plan. All interest earned on the account shall be used only for the purposes of affordable housing.

2. 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 Township of Verona.

- (a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with the Township's development fee ordinance for both residential and non-residential developments in accordance with all applicable rules, regulations and legislation.

(b) Distribution of development fee revenues:

The release of funds requires adoption by the governing body of a resolution in accordance with the spending plan. Once a request is approved by resolution, the Chief Financial Officer releases the requested revenue from the Trust Fund for the specific use approved in the governing body's resolution.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

The Township of Verona anticipates utilizing its trust fund resources as follows:

(a) **Creation of Affordable Housing (N.J.A.C. 5:99-2.3)**

- As described in Verona's Housing Element and Fair Share Plan, the Township collected a **\$3,250,000** payment in-lieu of creating on site affordable housing from the Sunset Avenue / Spectrum 360 Redeveloper which will be used to pay down Township debt accumulated to create the 100% affordable Verona Flats project during the Third Round.
- The Township may provide up to **\$150,000** to a special needs housing provider to make more feasible to the creation of a three-bedroom group home at 885 Bloomfield Avenue. Should the Township assess, as part of negotiations for a PILOT on the development, that such assistance from the affordable housing trust fund is not necessary for the creation of the special needs units, or should the development fail to transpire, the Township reserves the right to utilize the \$150,000 from the trust fund for other purposes. These may include administrative expenses, or the creation of affordable housing elsewhere in the Township, including aiding other affordable housing projects in the HEFSP.

(b) **Administrative Expenses (N.J.A.C. 5:99-2.4)**

The Township is permitted to spend up to 20% of the of all affordable housing trust funds, exclusive of those collected prior to July 17, 2008, to fund an RCA (regional contribution agreement), on administrative expenses. Because "affordable housing trust funds" includes payments in lieu of constructing affordable units on site, the Township's administrative expenses allowance is estimated at **\$662,712**, as detailed in Table 2, below. The Township has never run an RCA.

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 Affordable Housing Dispute Resolution Program

(“Program”), including, but not limited to, the costs to the municipality of resolving a challenge pursuant to the Program. 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.

The Township projects that a maximum of **\$103,284** will be spent from the affordable housing trust fund on administrative expenses over the course of the Fourth Round.

TABLE 2: ADMINISTRATIVE EXPENSE CALCULATION		
		Total
Actual trust fund revenues through January 1, 2026		\$683,330
Projected development fees and interest through June 30, 2035	+	\$197,682
Other projected revenues through June 30, 2035	+	\$3,250,000
Sum of trust fund revenues	=	\$4,131,012
Less revenues expended on RCA Programs	-	0
Net trust fund revenues		\$4,131,012
20% Maximum for Admin. Expense	x .20	\$826,202
Less Admin through 1/1/2026	-	163,490
Available for Admin. Through June 30, 2035	=	\$662,712

(c) Affordability Assistance (N.J.A.C. 5:99-2.5)

The Township is required to “set aside a portion of all development fees collected and interest earned for the purpose of providing affordability assistance to very low-, low- and moderate-income households in affordable units included in the municipality’s fair share plan”. This may use of funds to subsidize the creation of very-low income housing, including special needs and supportive housing.

As previously stated, the Township may make up to **\$150,000** available to a special needs housing operator if necessary to offset costs related to the creation of a group home at 885 Bloomfield Avenue, constituting a qualifying affordability assistance expenditure.

4. EXPENDITURE SCHEDULE

The Township of Verona intends to expend its affordable housing trust funds on the schedule detailed in Table 3. In accordance with N.J.A.C. 5:99-5.5, the Township will spend or commit to expend all development fees on authorized activities or purposes within four years of the date of collection.

TABLE 3: EXPENDITURE SCHEDULE											
Projects/Program	Projected Expenditure Schedule July 1, 2025 – December 31, 2035										
	1/1/26- 12/31/26	1/1/27- 12/31/27	1/1/28- 12/31/28	1/1/29- 12/31/29	1/1/30- 12/31/30	1/1/31- 12/31/31	1/1/32- 12/31/32	1/1/33- 12/31/33	1/1/34- 12/31/34	1/1/35- 6/30/35	Total
Verona Flats Debt Payment	\$3,250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,250,000
885 Bloomfield Group Home Subsidy	\$0	\$37,500	\$37,500	\$37,500	\$37,500	\$0	\$0	\$0	\$0	\$0	\$162,000
Administrative Expenses	\$0	\$0	\$0	\$0	\$11,284	\$0	\$0	\$0	\$0	\$92,000	\$150,000
Total	\$3,250,000	\$37,500	\$37,500	\$37,500	\$37,500	\$11,284	\$-	\$-	\$-	\$92,000	\$3,503,284

5. EXCESS OR SHORTFALL OF FUNDS

In the event of excess funds, the Township reserves the right to use surplus revenues toward administrative expenses, or toward buying down low-income units to make them affordable to very low-income households. In the event that a shortfall of anticipated revenues occurs, the Township of Verona will address the shortfall of funds through an alternative funding source to be identified by the Township, or the Township will amend its spending plan to ensure availability of funds to implement the Fourth Round Housing Element and Fair Share Plan. The Township adopted a resolution of intent to fund its fourth round affordable housing obligation on June 23, 2025.

6. BARRIER- FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with the Township of Verona's Affordable Housing Ordinance and in accordance with N.J.A.C. 5:99.

SUMMARY

The Township intends to spend affordable housing trust fund revenues pursuant to applicable rules and to be consistent with the housing programs outlined in the 2025 Housing Element and Fair Share Plan and the 2026 Amendment to the Housing Element and Fair Share Plan.

The Township's Affordable Housing Trust Fund has a balance of **\$3,305,602** as of January 1, 2026 and estimates a total of **\$197,682** in potential revenue and interest to be collected by June 30, 2035, when the fourth round ends. This projected amount, when added to the Township of

Verona’s trust fund balance results in anticipated total of **\$3,503,284** of trust funds available to fund and administer its affordable housing plan. The Township intends to exhaust its current and projected trust funds as shown in Table 4, Spending Plan Summary, below.

TABLE 4: SPENDING PLAN SUMMARY		
		Total
Balance as of January 1, 2026		\$3,305,602
Projected Revenue Through June 30, 2035		
Development fees	+	\$194,424
Payments in lieu of construction	+	\$0.00
Other funds	+	\$0.00
Interest	+	\$3,257
Total Available Funds		\$3,503,284
Projected Expenditures through 2035		
Verona Flats Debt Payment	+	\$3,250,000
Affordability Assistance, 885 Bloomfield Group Home		\$150,000
Administration	+	\$103,284
Total Projected Expenditures	=	\$3,503,284
Remaining Balance	=	\$0.00

*Administrative expenses are limited to 20 percent of what is actually collected.