

AN ORDINANCE TO AMEND CHAPTER 194, "LAND DEVELOPMENT PROCEDURES", ARTICLE XIV "AFFORDABLE HOUSING" OF THE CODE OF THE BOROUGH OF NETCONG TO PROVIDE FOR ANNUAL ADJUSTMENT TO INCOME ELIGIBILITY AND MAXIMUM RENTAL AND SALE PRICES FOR AFFORDABLE UNITS

BE IT ORDAINED, by the Borough Council of the Borough of Netcong, in the County of Morris, and State of New Jersey, as follows:

SECTION 1. Chapter 194 "Land Development Procedures," Article XIV "Affordable Housing", Section 194-117 "Buyer Income Eligibility" is hereby amended to include new Subsection C which shall read, in its entirety, as follows:

C. Annual Adjustment.

Income limits for all units that are part of Netcong Borough'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 municipality annually within 30 days of the publication of determinations of median income by HUD as follows:

1. Regional income limits shall be established for the region in which Netcong Borough is located within, based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the municipality's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income 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 those for the previous year.

2. The income limits applicable to Netcong Borough shall be the result of applying the percentages set forth in paragraph (a) above to HUD's most current fiscal year determination of median income and shall be utilized until Netcong Borough updates the income limits after HUD publishes revised determinations of median income for the next fiscal year.
3. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3 shall be calculated by the Borough of Netcong annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) above over the previous year's income limits and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.
4. If at any time, COAH (or a successor administrative agency duly empowered by an amendment to the Fair Housing Act) begins to issue updated annual income limits and rules for increasing sales prices and rent levels each year, said updated income limits and rules for increasing sales prices and rent levels each year may be used instead of the methodology set forth herein.

SECTION 2. Chapter 194 "Land Development Procedures," Article XIV "Affordable Housing", Section 194-112, Subsection C "Maximum Rents and Sales Prices" is hereby amended to read, in its entirety, as follows:

1. In establishing rents and sales prices of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC utilizing the regional income limits established by the New Jersey Department of Community Affairs (DCA) or other agency as required by the Court.
2. The maximum rent for restricted rental units within each affordable development shall be affordable to households earning no more than 60 percent of median income, and the average rent for restricted low- and moderate-income units shall be affordable to households earning no more than 52 percent of median income.

3. The developers and/or municipal sponsors of restricted rental units shall establish at least one rent for each bedroom type for both low-income and moderate-income units.
 - a. At least thirteen percent (13%) of all low- and moderate-income dwelling units shall be affordable to households earning no more than 30 percent of median income.
4. The maximum sales price of restricted ownership units within each affordable development shall be affordable to households earning no more than 70 percent of median income, and each affordable development must achieve an affordability average of 55 percent for restricted ownership units; in achieving this affordability average, moderate-income ownership units must be available for at least three different prices for each bedroom type, and low-income ownership units must be available for at least two different prices for each bedroom type.
5. In determining the initial sales prices and rents for compliance with the affordability average requirements for restricted units other than assisted living facilities, the following standards shall be used:
 - a. A studio shall be affordable to a one-person household;
 - b. A one-bedroom unit shall be affordable to a one and one-half person household;
 - c. A two-bedroom unit shall be affordable to a three-person household;
 - d. A three-bedroom unit shall be affordable to a four and one-half person household; and
 - e. A four-bedroom unit shall be affordable to a six-person household.
6. In determining the initial rents for compliance with the affordability average requirements for restricted units in assisted living facilities, the following standards shall be used:
 - a. A studio shall be affordable to a one-person household;
 - b. A one-bedroom unit shall be affordable to a one and one-half person household; and
 - c. A two-bedroom unit shall be affordable to a two-person household or to two one-person households.
7. 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 95 percent 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 28 percent 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.

8. The initial rent for a restricted rental unit shall be calculated so as not to exceed 30 percent of the eligible monthly income of the appropriate household size 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.
9. The price of owner-occupied low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.
10. The rent levels of very-low, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed nine percent in any one 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.
11. If at any time, COAH (or a successor administrative agency duly empowered by an amendment to the Fair Housing Act) begins to issue updated annual income limits and rules for increasing sales prices and rent levels each year, said updated income limits and rules for increasing sales prices and rent levels each year may be used instead of the methodology set forth herein.
12. Utilities. Tenant-paid utilities that are included in the utility allowance shall be so stated in the lease and shall be consistent with the utility allowance approved by DCA for its Section 8 program.

SECTION 3. This Ordinance may be renumbered for codification purposes.

SECTION 4. All ordinances or parts of ordinances in conflict or inconsistent with any part of this Ordinance are hereby repealed to the extent that they are in such conflict or inconsistent.

SECTION 5. In the event that any section, part or provision of this Ordinance shall be held to be unenforceable or invalid by any court, such holding shall not affect the validity of this Ordinance as a whole, or any part thereof, other than the part so held unenforceable or invalid.

SECTION 6. This Ordinance shall take effect as required by law and upon the posting of appropriate signs and the approval of the Commissioner of Transportation, if necessary.

NOTICE IS HEREBY GIVEN, that the foregoing Ordinance was introduced in writing at a meeting of the Borough Council of the Borough of Netcong, County of Morris and State of New Jersey, held on the 12 day of November, 2020, introduced and read by title and passed on the first reading and that the said Governing Body will further consider the same for second reading and final passage thereon at a meeting to be held on the 10 day of December, 2020, at 7:30 p.m., prevailing time, at the Municipal Building in said Borough, at which time and place a public hearing will be held thereon by the Governing Body and all persons and citizens in interest shall have an opportunity to be heard concerning same.

INTRODUCED: 11/12/20

ADOPTED: 12/10/20

BOROUGH OF NETCONG

COUNTY OF MORRIS
STATE OF NEW JERSEY

ATTEST:

By: 
Joseph A. Nametko, Mayor


Cynthia Eckert, Borough Clerk