

**RESOLUTION
BOROUGH OF PALISADES PARK
BERGEN COUNTY, NJ**

COUNCIL	MOTION	SECOND	YES	NO	ABSTAIN	ABSENT
DONOHUE			x			
KWAK			x			
LEE	x		x			
MIN						x
SHIN		x	x			
WON-YOON						x
MAYOR (TIE-BREAK VOTE)						

NO. 2026-142

DATE: APRIL 28, 2026

APPROVED ON CONSENT AGENDA:

CARRIED:

DEFEATED:

TABLED:

Borough of Palisades Park Affordable Housing Trust Fund Spending Plan

INTRODUCTION

The Borough of Palisades Park, Bergen County has prepared a Housing Element and Fair Share Plan in accordance with the Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.), the Fair Housing Act (N.J.S.A. 52:27D-301) and the affordable housing regulations of the New Jersey Department of Community Affairs (the Department) (N.J.A.C. 5:97-1 et seq. and N.J.A.C. 5:96-1 et seq.). A development fee ordinance creating a dedicated revenue source for affordable housing was approved by the Borough Council in 2026 as Ordinance # _____. The ordinance establishes the Borough of Palisades Park affordable housing trust fund for which this spending plan is prepared. The Borough of Palisades Park will enter a three-party escrow agreement between the Borough of Palisades Park, Bank and appropriate state agency.

1. REVENUES FOR CERTIFICATION PERIOD (2025-2035)

As of December 31, 2025, the Borough of Palisades Park had an affordable Housing Trust Fund Account balance of \$3,199,748.41. 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 in ConnectOne Bank for the purposes of affordable housing. These funds shall be spent in accordance with N.J.A.C. 5:97-8.7-8.9, as described in the sections that follow.

To calculate a projection of revenue anticipated during the period of third round substantive certification, the Borough of Palisades Park considered the following:

(a) Development fees:

1. Residential and nonresidential projects which have had development fees imposed upon them at the time of preliminary or final development approvals;
2. All projects currently before the planning and zoning boards for development approvals that may apply for building permits and certificates of occupancy; and
3. Future development that is likely to occur based on historical rates of development.

(b) Payment in lieu (PIL):

Payments in lieu have not been collected or assessed.

(c) Other funding sources:

Funds from other sources, including, but 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.

(d) Projected interest:

Interest on the projected revenue in the municipal affordable housing trust fund at the current average interest rate.

To project revenue for the Fourth Round period, the Borough calculated the average development fee collections for the prior six years. In projecting annual revenues, extreme outliers representing the highest and lowest annual totals were excluded, and a conservative adjustment was applied to account for market fluctuations and uncertainty in future collections. Based on this analysis, it is projected that the Borough will receive approximately \$240,000 per year in income from sources dedicated to the Affordable Housing Trust Fund.

Similarly, interest income was calculated based upon the same six-year period between 2020 and 2025, resulting in an average annual interest income of approximately \$7,000 per year for the Affordable Housing Trust Fund.

The following table provides a breakdown by year of all sources of funds collected and/or anticipated during the substantive certification period (2026–2035), including projected development fees and interest earned at an assumed annual percentage yield of 2.53 percent, compounded annually.

Source of Funds	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
(a) Development Fees											
Approved Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Development Pending Approval	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Projected Development	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$2,400,000
(b) Payments in Lieu of 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	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$70,000
Total Revenue	\$247,000	\$247,000	\$247,000	\$247,000	\$247,000	\$247,000	\$247,000	\$247,000	\$247,000	\$247,000	\$2,470,000

The Borough of Palisades Park projects a total of \$2,470,000 in revenue to be collected between January 1, 2026, and December 31, 2035. 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 Borough of Palisades Park.

(a) Collection of development fee revenues:

Collection of development fee revenues shall be consistent with §211-25 of Palisades Parks's development fee ordinance for both residential and non-residential developments in accordance with the Department's rules and P.L.2008, c.46, sections 8 (C. 52:27D-329.2) and 32-38 (C. 40:55D-8.1 through 8.7).

(d) Distribution of development fee revenues:

The administration of the Palisades Park Development Fee Spending Plan will be undertaken by the Borough Administrator and the Borough Treasurer with oversight approval of the Mayor and Council. First the Borough Administrator will recommend that the governing body approve the expenditure of development fee revenues. The governing body will review the request for consistency with the spending plan. If consistent with the plan, the governing body will adopt a resolution authorizing the use and release of trust fund monies for its intended use. Upon approval of the governing body resolution, the Borough treasurer will be authorized to release the funds.

3. DESCRIPTION OF ANTICIPATED USE OF AFFORDABLE HOUSING FUNDS

(a) **Rehabilitation and new construction programs and projects (N.J.A.C. 5:97-8.7)**

The Borough of Palisades Park will dedicate \$ \$165,589.00 to rehabilitation or new construction programs.

Rehabilitation program: \$ 2,369,764

Palisades Park participates in the Bergen County Home Improvement program. It is projected that funds in the amount of \$120,000 will be used from the Affordable Housing Trust Fund for the Rehabilitation program. The Borough has in-house rehabilitation program administered by Palisades Park. The Borough will make available a minimum of \$10,000 and up to a maximum of \$20,000 per unit, with an additional \$5,000 contingency change order allowance in the event of unforeseen repairs. Funding for each unit will be provided through the Affordable Housing Trust Fund.

If additional funding is required, the Borough reserves the right to participate in the Bergen County Home Improvement Program.

New construction project(s): \$ 2,369,764

The Borough's Affordable Housing Trust Fund spending plan includes funding for new construction projects that will help create more affordable housing for low- and moderate-income households. The Borough has identified two projects in its Housing Element and Fair Share Plan: the Route 5 Senior Housing Project and the Bellview Place Affordable Housing Project.

Trust Fund revenues for new construction may be used for costs such as land acquisition, site preparation, infrastructure improvements, construction expenses, affordability assistance, and other related costs needed to complete these projects. These developments will provide new affordable housing units and help the Borough meet its affordable housing obligations during the Fourth Round period.

By investing in these new construction projects, the Borough will increase its supply of affordable housing, meet the needs of low- and moderate-income households, and continue to comply with affordable housing requirements.

- (b) Affordability Assistance for Low and Very Low-Income families (N.J.A.C. 5:97-8.8)
- (c) The Borough of Palisades Park will dedicate at least 30% of all Development Fees and interest collected for rental assistance, security deposit assistance, down payment assistance and assistance with emergency repairs.
- (d) Use of Funds for Administrative Purposes pursuant to N.J.A.C.5:97-8.9
- (e) Other Eligible Affordable Housing Activities, such as Acquisition and or improvement of land to be used for affordable Housing, Green Building Strategies, Extensions or improvement of roads or infrastructure N.J.A.C. 5:97-8.7

(a.) Administrative Expenses (N.J.A.C. 5:97-8.8)

AFFORDABILITY ASSISTANCE CALCULATION

Actual development fees through 12/31/25		\$3,199,748
Actual interest earned through	+	\$ 0
Development fees projected for 2026 - 2035	+	\$ 2,400,000
Interest projected 2026 - 2035	+	\$ 70,000
Total Fees	-	\$ 0
Total	=	\$5,669,748
Calculate 30 percent	x .30 =	\$ 1,700,924
Less Affordability assistance expenditures through 12/31/25	-	\$ 770,704 ¹
PROJECTED MINIMUM Affordability Assistance Requirement 1/1/2026 through 12/31/2035	=	\$ 930,220
PROJECTED MINIMUM Very Low-Income Affordability Assistance Requirement 1/1/2026 through 12/31/2035	÷ 3 =	\$ 310,073

The Borough of Palisades Park will dedicate a minimum of \$930,220 from the affordable housing trust fund for affordability assistance, including \$310,073 to render units more affordable to households earning 30 percent or less of median income by region. Affordability assistance will be provided in the form of down payment assistance, security deposit assistance, low interest loans, assistance with homeowner's association or condominium fees and special assessments, and assistance with repairs, maintenance and utilities for both existing and proposed affordable housing units.

¹ Affordability assistance for rental assistance, repairs, maintenance and utilities as documented in the report of PKF O'Connor Davies Advisory, LLC dated January 5, 2026.

AFFORDABILITY ASSISTANCE PROGRAMS

In accordance with N.J.A.C. 5:93-8.16, the Borough of Palisades Park will dedicate at least 30 percent of all development fees collected and interest earned to provide affordability assistance to very low-, low- and moderate-income households. The availability of the Borough's Affordability Assistance Program will be noticed to all prospective tenants of affordable units within the Borough. An income-eligible applicant for an affordable unit within the Borough may not be denied participation in the Affordability Assistance Program(s) unless funding is no longer available.

All requests for Affordability Assistance will follow the following steps:

1. Applicant submits application for affordable housing.
2. Administrative Agent reviews and processes application.
3. Administrative Agent notifies the Borough and prepares resolution authorizing assistance.
4. Borough adopts Resolution approving assistance.
5. Affordability assistance recipient signs an agreement with the Borough describing: the amount of funds granted, interest information, procedures, duration and conditions of affordability assistance, and repayment information if required.
6. For Rent Security Deposit Assistance: assistance is provided directly to landlord.
7. Administrative Agent records assistance on master reporting spreadsheet.

SECURITY DEPOSITS FOR RENTERS

Prospective tenants of affordable housing units can apply to receive an interest-free loan from the Affordable Housing Trust fund for their security deposit. A loan of up to 1.5 times the affordable monthly rent is available to new tenants that qualify for a very low, low- or moderate-income rental unit:

1. The security deposit assistance will be in the form of a cash loan equal to the security deposit amount determined by the landlord and paid to the landlord on behalf of the tenant.
2. At the termination of the lease, the landlord will return the portion of the security deposit it determines to the Borough, along with interest earned. The tenant will repay any difference between the original security deposit amount and the portion returned by the landlord. Funds returned to the Borough will be placed in the affordable housing trust fund to be used for future security deposit assistance.
3. The Administrative Agent will administer the Borough's Security Deposit Affordability Assistance Program. After an applicant is income qualified by the Administrative Agent pursuant to the Uniform Housing Affordability Controls, an affordability assistance application will be completed and forwarded with all necessary documentation to the Administrative Agent. The affordability assistance recipient will sign a contract with the Borough which states the amount of funds granted, interest information, procedures, duration and conditions of affordability assistance, and repayment information.

DOWN PAYMENT AND CLOSING COST ASSISTANCE

The down payment and closing cost assistance loan will be in the form of a secured second mortgage. The maximum amount of assistance is \$15,000 for income-eligible homebuyers. The loan will be forgiven if Buyer retains ownership and complies with the affordable housing regulations after five (5) years. If the Buyer elects to resell the unit or is found to violate the affordability regulations, the full amount of assistance will be payable to Borough and returned to the Affordability Assistance Funds.

Eligible closing cost fees include expenses paid at closing such as an attorney, title insurance and survey fees, appraisals, points, origination fees, recording taxes and fees, prepaid escrows for property taxes and insurance, structural inspection/engineer's report and pest inspections, and the reimbursement of fees

paid before loan closing (i.e., application, credit, flood certification, and appraisal fees). All closing costs must be reasonable and customary and may not exceed those normally charged on a conventionally financed home located in the area where the financed property is located.

Assistance from the Program shall be secured through a Mortgage and Mortgage Note in favor of the municipality executed by the property owner. The Mortgage and Mortgage Note will be executed at closing. The closing agent will record said documents with the County Clerk's office upon the completion of the closing of the title. The original mortgage note shall be retained by the Administrative Agent and kept in the unit file. The Program mortgage must be listed on the HUD1 Settlement Statement and will precede the Affordable Housing Recapture Mortgage in the chain of title.

ASSISTANCE WITH REPAIRS, MAINTENANCE AND UTILITIES

The Borough intends to continue using Affordable Housing Trust Fund revenues to provide affordability assistance for the repair, maintenance, and utility costs associated with existing affordable housing developments, consistent with its established practice over the past ten years. These funds may be used to support necessary building repairs, ongoing property maintenance, capital improvements, and utility-related expenses that help preserve the long-term viability, safety, and affordability of existing affordable housing units. This assistance ensures that affordable housing developments remain in good condition, financially sustainable, and accessible to low- and moderate-income households. By continuing this funding approach, the Borough supports the preservation of its existing affordable housing stock while maintaining compliance with applicable affordable housing regulations and spending plan requirements.

(c.) Administrative Expenses (N.J.A.C. 5:97-8.9)

Administrative Spending Restriction and Compliance Requirement

The Borough acknowledges that it has exceeded the permissible administrative expenditure limit from its Affordable Housing Trust Fund by \$454,497.00. To address and remedy this over-expenditure, the Borough shall not utilize any existing or future Affordable Housing Trust Fund revenues, including development fees, for administrative purposes as defined under N.J.A.C. 5:97-8.9, until such time as it has collected an additional \$2,272,485.00 in trust fund revenues and has fully expended those funds on eligible non-administrative affordable housing activities, specifically those that create new affordable housing opportunities.

Upon satisfaction of this requirement, the Borough may seek authorization from a court of competent jurisdiction, with prior written notice to the Fair Share Housing Center (FSHC), to resume the use of newly collected Affordable Housing Trust Fund revenues for administrative purposes, subject to the maximum twenty percent (20%) limitation established by applicable statutes and regulations.

ADMINISTRATIVE EXPENSE CALCULATION

Actual dev fees and interest thru 12/29/25		\$ 3,199,748
Projected dev fees and interest 2025 thru 2035	+	\$ 2,470,000
Payments-in-lieu of construction and other deposits thru 12/31/2025	+	\$ 0
Less RCA expenditures thru 12/31/25	-	\$ 0
Total	=	\$ 5,669,748
Calculate 20 percent	x .20 =	\$ 1,133,949
Less admin expenditures thru 12/31/25	-	\$?

PROJECTED MAXIMUM available for administrative expenses 1/1/2026 thru 12/31/2035	=	\$ 0
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Notwithstanding the limitation stated above, the Borough of Palisades Park projects that \$1,133,949 will be available from the affordable housing trust fund to be used for administrative purposes. Projected administrative expenditures, subject to the 20 percent cap, will include consulting fees, legal fees, personnel, office supplies and other administrative costs.

4. EXPENDITURE SCHEDULE

Based on the projected available Affordable Housing Trust Fund balance, the Borough anticipates expending funds over the period from 2026 through 2035 for affordability assistance, rehabilitation programs, and new construction programs. For planning purposes, the expenditure schedule below assumes that these funds will be distributed evenly over the 10-year period.

PROJECTS/PR OGRAMS	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Rehabilitation	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022 .00	\$93,022. 00
New Construction	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,976 .40
Affordability Assistance	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,97 6.40	\$236,976 .40
Administration	0	0	0	0	0	0	0	0	0	0	0
Total	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$566,97 4.80	\$5,669,7 48.00

5. EXCESS OR SHORTFALL OF FUNDS

In the event of any expected or unexpected shortfall if the anticipated revenues are not sufficient to implement the plan, the Borough of Palisades Park will consider adopting a resolution of intent to bond or a resolution appropriating funds from general revenue for any anticipated shortfall in a municipal rehabilitation program or municipal construction project.

In the event more funds than anticipated are collected, projected funds exceed the amount necessary to implement the Fair Share Plan, or the Borough of Palisades Park is reserving funds for affordable housing projects to meet a future affordable housing obligation, these excess funds will be used for the Affordable Housing Assistance program or the Rehabilitation Program.

6. BARRIER FREE ESCROW

Collection and distribution of barrier free funds shall be consistent with Palisades Park’s Affordable Housing Ordinance in accordance with N.J.A.C. 5:97-8.5.

The Borough of Palisades Park describes the collection and distribution of barrier free funds in Chapter 211, Article IV, §211-25 and §211-27 of the General Legislation ordinance, entitled Development Fees.

SUMMARY

The Borough of Palisades Park intends to spend affordable housing trust fund revenues pursuant to N.J.A.C. 5:97-8.7 through 8.9 and consistent with the housing programs outlined in the Housing Plan Element dated February 11,2022.

The Borough of Palisades Park has a balance of \$ 3,199,748.41 as of December 31, 2025, and anticipates an additional \$244,750.00 in revenues through 2035 for a total of \$331,179.90. The municipality will dedicate \$99,354 towards Affordability Assistance for Low and Very Low- Income Families, Acquisition or Improvement of Land to be used for Affordable Housing, Green Building Strategies and Extensions or Improvement of Roads or Infrastructure, \$165,589.00 for Rehabilitation, and \$66,235 for Administrative costs. Any shortfall of funds will be offset by Municipal Funding. The municipality will dedicate any excess funds or remaining balance toward future Affordable Housing Needs.

SPENDING PLAN SUMMARY	
Balance as of 12/31/25	\$ 3,199,748.41
PROJECTED REVENUE 2026-2035	
Development fees	+ \$240,000
Payments in lieu of construction	+ \$ 0
Other funds	+ \$ 0
Interest	+ \$ 4,750
TOTAL REVENUE	= \$331,179.90
PROJECTED EXPENDITURES 2026-2035	
Funds used for Rehabilitation	- \$ 165,589.00
Funds used for New Construction	
. Other Affordable Housing Activities	- \$
1.Acquisition and or improvement of Land.	- \$
2.Green Building Strategies	- \$
3.Extensions or improvement of Land or Infrastructure	- \$
5.	- \$
6.	- \$
7.	- \$
8.	- \$
9.	- \$
10.	- \$
Affordability Assistance	- \$ 99,354
Administration	- \$ 66,235

Excess Funds or Remaining Balance Reserved for Additional Affordable Housing Activity	= \$
1. <i>[list individual projects/programs]</i>	- \$
2.	- \$
TOTAL PROJECTED EXPENDITURES	= \$ 331,178.00
REMAINING BALANCE	= \$ 1.90

ATTEST:

Laura Buchens Interim RMC

Sophia H. Jang, Borough Clerk

Chong Paul Kim

Chong Paul Kim, Mayor

It is hereby certified that this is a true copy of the resolution adopted by the Governing Body of the Borough of Palisades Park, County of Bergen on the 28th day of April, 2026.



Laura Buchens

Borough Clerk