

**HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATUS REPORT
AND
RECOMMENDATIONS FOR FUTURE ACTIVITIES**

**PREPARED BY
THE MADISON HOUSING AUTHORITY**

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TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Historical Background	3
Introduction	5
Scattered Site Housing	9
Senior Citizen Housing	10
Section 8 Housing Choice Voucher Program	11
Family Self-Sufficiency Program	13
Rental Assistance Demonstration Program	14
Funding Sources	16
Current Need	18
Future Options	20
Recommendations	25
Conclusion	26
Madison Affordable Housing Corporation	28
Housing Trust Funds	31

APPENDICES

- Appendix I - Budget Comparison – Distribution of Funds
- Appendix II - Assisted Units
- Appendix III - Payment In Lieu Of Taxes

HISTORICAL BACKGROUND

Public housing, redevelopment of slum areas and rehabilitation of blighted areas, financially assisted by the federal government, was virtually nonexistent until the 1930's. Before that time all housing development in the United States was strictly a private sector activity. The Depression changed that and the Federal Home Loan Bank System was created in 1932. The Public Works Administration, created under the National Industrial Recovery Act of 1933, authorized the first federally funded construction of low-income housing. The National Housing Act of 1934 created the Federal Housing Administration, the forerunner of the U.S. Department of Housing and Urban Development (HUD). In 1937 the U.S. Housing Act solidified and made permanent a federally assisted public housing program. The Housing Act of 1949 established the national housing policy of a "decent home and a suitable living environment for every American family."

The conditions of the times stimulated a public response to housing needs. The initiative was federal, but the delivery was local. The delivery of these services brought about the creation of public housing authorities.

The concern expressed by a handful of Madison citizens, to provide affordable decent housing for the community's low-income residents, eventually led to the establishment of the Housing Authority of the Borough of Madison in 1970.

The Housing Authority of the Borough of Madison was created by municipal ordinance, pursuant to the provisions of the New Jersey Local Housing Authorities Law, NJSA 55:14A-1 to 55:14A-58. This law today has been codified and is now referred to as the Redevelopment and Housing Law, NJSA 40A:12A-1 to 40A:12A-49. The governing body appoints six members of the Board of Commissioners for five-year staggered terms, with one being a mayoral appointment. The seventh member is a State appointment chosen by the Commissioner of the Department of Community Affairs of New Jersey for a five-year term.

The Madison Housing Authority is an autonomous body whose powers are prescribed by state law and by a Housing Cooperation Agreement with the Borough of Madison. Its powers cover a broad range, enabling it to build, rehabilitate, maintain and operate housing for low and moderate-income residents of the Borough. The Madison Housing Authority functions within the legal restrictions of the Borough Zoning Ordinance, which requires governmental approval of all variances and zoning changes. In the past when such approvals were warranted, the Governing Body of the Borough approved those variances after an informal review by the planning Board. However, if there are no variances or other zoning approvals necessary, the Authority may proceed without any governing body's approval. All building undertaken by the Authority must conform to all municipal and state building codes. The Authority may acquire property by right of eminent domain, issue bonds for corporate purposes and negotiate with the federal government for financial aid and cooperation.

A significant change to the state legislation governing housing authorities that codified the housing and redevelopment laws was completed in 1992 and included mandatory training for housing authority Executive Directors and Commissioners.

In order to more professionalize the industry, the law now mandates a minimum educational requirement of a four-year college degree in a related field and five years related management experience for all Executive Directors. In addition, Directors are required to successfully complete ten required courses within a 2-year period and Commissioners are required to successfully complete five courses within an 18-month period. These courses are offered by Rutgers University.

INTRODUCTION

The mission of the Housing Authority of the Borough of Madison is to provide decent, safe and sanitary housing for low and moderate-income residents.

The development and implementation of the current housing programs being administered by the Authority are achieving this mission. These include the scattered site affordable housing program, where 54 families are being housed, the Rexford S. Tucker Apartments, where 80 elderly families are residing, and the Section 8 Housing Choice Voucher Payments Program which pays rental subsidies for families living in privately owned apartments throughout the community. Currently the Authority has 165 families receiving this type of rental assistance. Added to the other affordable housing families, the Authority assists almost 300 families.

In addition, the Authority has worked closely with its spin-off not-for-profit corporation the Madison Affordable Housing Corporation. This alliance has developed 12 units of senior citizen housing at 44 Cook Avenue in Madison, 70 units of senior housing in Denville at 455 Diamond Spring Road, a 2 unit rental duplex in Morristown on George Street, 2 for-sale homes in conjunction with Morris Habitat for Humanity in Morristown at 2 Rowe Street, 5 for sale units at 27 Elm Street in Madison, 12 units of senior citizen housing, the Firehouse Apartments on the corner of Cook and Central Avenues, 3 single family homes on Strickland Place and 56 apartments for families at Davenport Village located at 260 Tabor Road in Morris Plains.

Even though the federal government has been reducing its financial commitment to housing programs, the Madison Housing Authority can look with pride to its administration of a 190 unit Section 8 Housing Choice Voucher Program, 54 units of scattered site family housing, an 80-unit senior citizen apartment building, and the joint ventures with the Madison Affordable Housing Corporation.

The number of families assisted by the Madison Housing Authority has grown substantially since the implementation of the first housing assistance program in 1978. This however, this does not account for the families who dropped off the programs of which there over 1,590 Section 8 Certificates and Vouchers, 195 scattered site, and 255 senior citizen; a total of 2,040 households.

The need for affordable housing in Morris County is a major issue. The Borough of Madison has been working to alleviate this problem since the inception of the Housing Authority in 1970. The original 30 scattered site family housing units are thirty five years old.

To date the Housing Authority has received approximately \$16 million in development funds, and \$3.8 million in improvement funds from the U.S. Department of Housing and Urban Development (HUD) and over to \$3.8 million in Community Development Block Grant and HOME funds.

The Section 8 Housing Choice Voucher Program has the ability to provide rent subsidies to 190 Madison families. All of these families live in privately owned apartments. These programs contribute over \$1 million a year to landlords in Madison.

The Rexford S. Tucker Apartments, an 80-unit low-income senior citizen apartment building was completed in August 1986. The Housing Authority offices originally occupied a small part of the ground floor of this building. The offices are now in the Barbara W. Valk Firehouse Apartments building on Central Avenue, but a satellite office is maintained at 15 Chateau Thierry Avenue for the convenience of the elderly residents.

An additional 12 three-bedroom unit complex was constructed on Loantaka Way. The property was purchased from Drew University. These were ready for occupancy in December 1989.

In December 1996, 8 two-bedroom units at 80 Park Avenue were occupied. These were the last affordable housing units in Madison developed by the Housing Authority with HUD funds.

The Authority has cooperated in several joint ventures with the Madison Affordable Housing Corporation (MAHC) to develop affordable housing. The first development was the construction of a three story 12 unit senior citizen building. This building, occupied in June 1994 was financed through donations from the County Community Development Block Grant Program, the County HOME Program, the Federal Home Loan Bank and a private mortgage loan.

Another venture was a partnership with the Township of Denville where 70 units of affordable housing for senior citizens on Diamond Spring Road overlooking scenic Cook's Pond was developed. This development was financed through an innovative combination of private funds from local area banks and public funds from the New Jersey Housing and Mortgage Finance Agency (NJHMFA) Low Income Housing Tax Credits, New Jersey Neighborhood Balanced Housing Program and the Morris County HOME program.

The first for-sale affordable housing in Madison was developed in 2004 by the MAHC. Five townhouse style units were developed at 27 Elm Street where the owners formed a condominium association to maintain the buildings and grounds.

In Morristown the partnership between MAHC and the Church of God in Christ developed a two unit 3 bedroom duplex for low income families at 8 George Street. These units were rented to low income families who are assisted through the Section 8 Voucher Rental Assistance Program. This partnership also worked with Morris Habitat for Humanity on another 2 unit duplex for first time homebuyers at 6 George Street in Morristown.

The Madison Affordable Housing Corporation in 2010 opened the Barbara W. Valk Firehouse Apartments at 24 Central Avenue in Madison; the site of the old Health Center, and the first Madison Fire Department. This development is named after the previous Madison Housing Authority Chairperson who served on the Board of Commissioners from 1978 and was one of the founding members of the Madison Affordable Housing Corporation. This building consists of the Madison Housing Authority and the Madison Affordable Housing Corporation offices on the first floor and 9 one bedroom and 3 two bedroom apartments on the upper three

floors. The rents are structured in accordance with the federal HOME Investment Partnership Program and COAH regulations and each resident receives a utility allowance for their utilities. Green or reusable materials were used whenever practicable. The target population is low income seniors and disabled families. Several of the units are specifically earmarked for the homeless and we have worked with the numerous homeless organizations in the county to receive referrals for the units. In addition, any sending organization will have to agree to provide case management and counseling to any homeless family selected to reside in the building. The existing neighborhood is part of the central business district and as such is only 1 block from all shopping, services, transportation and houses of worship.

Another joint venture between the MAHC and Morris Habitat for Humanity was the development of three single family homes on Strickland Place in Madison. This property was purchased from the Borough of Madison and had a complete environmental remediation/ clean-up of contaminated soils on the site. Three single family homes were constructed on site and were sold in 2014. The three families who own the homes were all current Madison residents and two moved out of public housing. This freed up two public housing apartments for other needy families.

The latest joint venture is between the MAHC and the Borough of Morris Plains. The Borough of Morris Plains contracted with the MAHC to be their consultant and developer on a 56 apartment affordable housing project. This project consists of 26 one bedroom, 22 two bedroom and 8 three bedroom apartments. The approximate cost of development is \$13.5 million. What truly makes this development unique is the fact that the municipality bonded to pay for the entire development. The completion of the project was September 1, 2016 and the occupancy date was November 1, 2016.

The Madison Housing Authority and the Madison Affordable Housing Corporation offer their expertise to other communities and housing authorities. In the past the housing authority had a contract with the Keansburg Housing Authority and the Summit Housing Authority to provide them with Executive Director services. The first began in 1998 and ended in 2000. The second in Summit began in July 2008 and provided the MHA with revenues that were used to support activities for the residents in Madison. At the same time the Summit Housing Authority benefited by the experience and expertise of the MHA, especially when they embarked on the development with Morris Habitat of its first new affordable housing in over 24 years. This arrangement ended in 2013.

The Madison Affordable Housing Corporation has been active in increasing its revenues as well. The MAHC had a contract with the Borough of Florham Park and the Township of Denville to provide them with Administrative Agent services in connection with their Council on Affordable Housing (COAH) obligation and Housing Trust Fund monitoring. This arrangement resulted in a cost savings for the Borough of Florham Park and the Township of Denville and generated much needed revenues for the MAHC.

In 2015 the Housing Authority converted all of its existing public housing through the Rental Assistance Demonstration Program (RAD) to project-based vouchers. The MAHC is the contract administrators for the Project-Based Voucher program, which began January 1, 2016. This effort has resulted in a significantly larger operating reserve this year.

A recent partnership is between MAHC and the Millennium Group. It will enable the MAHC to purchase a duplex on Kings Road and Division Avenue that is part of a private developer's affordable housing obligation. These two homes will then be sold to two income eligible families. These homes will have 30 year deed restrictions placed on them so they will remain affordable.

The latest venture is the purchase of a 4 family home that will be renovated to include a fire suppression system and new HVAC systems. These 4 apartments will be rented to income eligible tenants through the Section 8 project-based voucher program. The MAHC has applied to the New Jersey Department of Community Affairs Affordable Neighborhood Housing program for a grant to assist with this purchase.

The MAHC has also been approached by several other municipalities to assist them in developing affordable housing, and there are several additional contracts pending that would also lead to the development of affordable housing not only in Madison, but elsewhere in the county.

SCATTER SITE HOUSING

In 1983 the original 30 unit scattered site family housing development was completed. After considerable protest by local residents, the semi-detached duplex townhouses were constructed on four sites throughout the Borough. Many of the previous objectors to these developments are pleased with the final results. In 2002 several of the four bedroom units were renovated and converted into one and two bedroom units adding an additional four units to the affordable housing stock. In December 1989 the twelve three bedroom Loantaka Way development was completed and opened for occupancy, and in December 1996 the eight two bedroom development at 80 Park Avenue was occupied.

Each of these sites was purchased as follows:

<u>Site</u>	<u>Owner</u>	<u>Price</u>	<u>Size</u>	<u>Year</u>	<u>Block/lot</u>
Community Place	Borough of Madison	\$ 60,000	1.53 acres	1981	49/26
John Avenue	Borough of Madison	\$ 1.00	1.944 acres	1981	61/5A
Park Avenue	Borough of Madison	\$ 42,000	.300 acres	1981	26/16
Belmont Avenue	Mrs. R. Robinson	\$ 96,000	1.014 acres	1981	74/11-13
Loantaka Way	Drew University	\$144,000	1.870 acres	1987	3001/1.01
80 Park Avenue	Mr. N. Simonelli	\$260,000	.75 acres	1995	1203/27

The Housing Authority staff of two maintenance workers assures that there is someone on call for maintenance emergencies in addition to normal maintenance responsibilities required for these units.

The following is a demographic breakdown of the 54 families who live in the scattered site housing.

Total Number of Families	53 families
Families on Welfare	1 families
Working Families	45 families
Disabled/Senior Head of Household	7 families
Female Head of Household with dependents	21 families
Female Head of Household no dependents	13families
Number of Children	53 children
Total Number of Residents	142 individuals
Average Income	\$49,675
Average Rent	\$798

The current waiting list of families is as follows:

<u>1- Bedroom</u>	<u>2- Bedroom</u>	<u>3-Bedroom</u>	<u>4-Bedroom</u>
59	68	65	8

SENIOR CITIZEN HOUSING

The Rexford S. Tucker Apartments house 80 senior citizen households consisting of one or two persons and one maintenance person. This building is the culmination of hard work and planning by the Housing Authority and the Borough Council. With senior citizens especially hard hit, affordable housing seemed a dream for those Madison residents living on fixed incomes.

The following is a demographic breakdown of the 80 households living in the Rexford S. Tucker Apartments:

Households on Welfare	0
Female Head of Household	61
Male Head of Household	18
Average Income	\$22,746
Average Rental Payment	\$436 per month

Federal guidelines determine income eligibility, and all residents must be at least 62 years old. The current waiting list of senior households is as follows:

	<u>1-Bedroom</u>	<u>2-Bedroom</u>
Total	45	2

Each apartment contains a living room/dining area, kitchen, bath and one to two bedrooms. Windows take up most of one living room wall and sleeves for air conditioners are provided in the living room and bedroom(s). A pass-through from the kitchen to the dining area allows natural light into the kitchen. The Housing Authority provides window blinds. On the first floor there is a community room with kitchen, outdoor patio, laundry room, arts and crafts room, lobby, and mail facilities. The Housing Authority maintains its offices on the first floor also. The building is totally secure, with electronic card access and telephone entry system.

Even though federally mandated cost containment guidelines have been strictly adhered to, the building resembles a luxury mid-rise apartment building and is greatly admired by the Community.

Once again, Madison can be proud of its accomplishments in the area of providing affordable housing for its citizens.

SECTION 8 HOUSING CHOICE VOUCHER PROGRAM

In 1978 the Madison Housing Authority began administering the Section 8 Certificate Program. In 1986, funding for the Voucher Program was obtained. These two programs were merged in 1998.

At present, there are 167 units under contract. Due to the high rents in the Borough as compared to the low payment standards set by the federal government, the Authority is not able to assist all the families in need. Notably, the 40% rule established by the Quality Housing and Work Responsibility Act of 1998 has greatly impeded the Authority's ability to assist low-income families in a high rent area. This rule caps the maximum family contribution to 40% of the family's gross adjusted monthly income. Additionally, there are also some units that do not qualify for the program due to their physical substandard condition. Inspections are performed by the staff to assure compliance with HUD's Standards (HQS) and have been a major factor in apartment upkeep and renovations within the Borough over the past thirty years.

Since its inception the rental assistance program has helped over 1,400 families. The Authority earns an Administrative Fee to operate the program. These fees offset expenses for all administrative expenses.

The Housing Authority pays private landlords in Madison and Morris County over \$1,400,000 a year in housing assistance payments for low/moderate income families on this program.

In the Quality Housing and Work Responsibility Act of 1998, the federal government required that 75% of rental assistance be reserved for families making under 30% of the area median income. This change has also reduced the number of families that can benefit from the Program, even though the need for rental assistance grows. Nonetheless, through the diligent efforts of the staff, we continue to assist the maximum number.

Each year the Fair Market Rents (FMR) established by the federal government have been increased only slightly and for many years the FMRs for Madison have not accurately reflected local market rents. The housing authority then establishes a Payment Standard (PS) based on these FMRs. Madison FMRs are based on a rent analysis of a four county area that includes Essex and Union counties. In order for an assisted family to pay 30% of its monthly adjusted income as the family rent contribution, the gross rent (rent plus tenant furnished utilities) must be below the FMRs. The PS established by MHA are as follows:

One-Bedroom		Two-Bedroom		Three-Bedroom	
PS	Madison Market	PS	Madison Market	PS	Madison Market
\$1,298*	\$2,500	\$1,576*	\$3,500	\$2,022*	\$4,000+

*Including Utilities

From 1978 up to 1995 the rental assistance program grew. However, due to the scarcity of housing in the Morris County area, rents of units that were originally eligible have been raised over and above the FMR/ PS limits. Many low-income tenants can no longer be assisted in these units and have great difficulty locating other rental units in the Borough that qualify and they have had to relocate to less expensive areas. The continued inflation of local rents combined with the low FMRs is the major obstacle in growing the program in Madison.

GROWTH OF SECTION 8 RENTAL ASSISTANCE PROGRAM

Fiscal Year	Housing Assistance Payments	Total Administrative Fees	Average HAP Payment per Family	Average # Units Under Lease
1983	\$138,202	\$19,755	\$217	53
1984	\$179,341	\$26,601	\$220	68
1985	\$196,372	\$30,624	\$230	71
1986	\$224,479	\$34,024	\$267	76
1987	\$294,542	\$34,788	\$303	81
1988	\$347,926	\$40,932	\$317	96
1989	\$487,544	\$59,901	\$350	116
1990	\$718,183	\$84,729	\$416	146
1991	\$842,383	\$96,650	\$426	166
1992	\$928,264	\$102,500	\$472	163
1993	\$960,563	\$116,928	\$480	175
1994	\$1,034,554	\$103,752	\$525	149
1995	\$1,221,546	\$115,111	\$557	168
1996	\$1,110,730	\$111,342	\$560	165
1997	\$1,032,916	\$119,921	\$494	157
1998	\$1,152,592	\$128,317	\$490	149
1999	\$1,275,588	\$151,118	\$427	190
2000	\$787,912	\$116,475	\$391	161
2001	\$938,195	\$131,682	\$412	172
2002	\$1,092,602	\$158,180	\$514	177
2003	\$1,202,366	\$172,755	\$551	182
2004	\$1,208,528	\$169,887	\$553	182
2005	\$1,259,227	\$157,474	\$593	177
2006	\$1,173,688	\$141,783	\$556	176
2007	\$1,251,107	\$146,877	\$599	174
2008	\$1,355,418	\$142,561	\$672	168
2009	\$1,382,985	\$148,819	\$703	164
2010	\$1,512,000	\$142,786	\$759	166
2011	\$1,654,368	\$152,375	\$810	170
2012	\$1,530,523	\$165,445	\$782	163
2013	\$1,533,104	\$144,750	\$798	160
2014	\$1,482,757	\$145,110	\$835	148
2015	\$1,417,963	\$139,821	\$772	153
2016	\$1,551,851	\$133,899	\$831	158
2017	\$1,520,800	\$179,363	\$855	148

FAMILY SELF-SUFFICIENCY PROGRAMS
Housing Choice Voucher Family Self-Sufficiency Program Grant

The Authority receives HUD funding to administer a Section 8 Family Self-Sufficiency Program (FSS) grant jointly with the Morristown Housing Authority. Participation in the FSS program is voluntary and available to all housing choice voucher program participants who demonstrate a willingness and interest in becoming self-sufficient. The administration of this grant is contacted to the Northwest New Jersey Community Action Program (NORWESCAP), which works closely with the Authority to assist interested tenants in setting long-term goals toward increased self-sufficiency. Participating tenant families sign a five year FSS contract outlining long-term goals and the interim steps necessary to obtain these goals. Goals include education, career building, increased income, full-time employment and homeownership, to name a few. A case manager works closely with the participating families to identify and address obstacles to economic and personal growth and to provide support and guidance. While each family has unique needs and goals, the main focus of the program is to enhance self-sufficiency and decrease the dependence on federally subsidized housing. The FSS program includes ongoing workshops on financial literacy, budgeting, debt reduction and savings.

The FSS program provides an important incentive for families to increase their incomes by means of an escrow account. When a family's income increases, the family's portion of the rent also increases. With the FSS program, a portion of that increase is placed in an escrow account each month. The escrow money comes from the Section 8 Housing Assistance Payments (HAP) funds received from HUD. If the family meets all program requirements and achieves its goals, at the end of the FSS contract period the family receives the accumulated escrow money. An FSS graduation ceremony is held and the family is presented with a check. In the past, FSS graduates have used their escrow for down payment on a home, tuition payments for themselves or their children, to purchase a reliable vehicle or to pay off debt.

Eligible families must be a recipient of the Section housing choice voucher program in good standing with the landlord and the Housing Authority. Interested tenants must attend a mandatory group or one-on-one orientation and complete an FSS application. Once an FSS application has been submitted, NORWESCAP undertakes a comprehensive assessment interview and, together with the family, outlines short, mid-range and long-term goals. Participating families are required to maintain consistent contact with the case manager and to display an interest in becoming self-sufficient. Families that are unable or unwilling to follow through with the program requirements are terminated from the FSS program and any accumulated escrow is forfeited. Families who do not complete an FSS contract are not, however, terminated from the housing choice voucher program in accordance with HUD regulations.

RENTAL ASSISTANCE DEMONSTRATION PROGRAM (RAD)

RAD is a central part of the U.S. Department of Housing & Urban Development's rental housing preservation strategy, which works to preserve the nation's stock of deeply affordable rental housing, promote efficiency within and among HUD programs, and build strong, stable communities. RAD allows public housing properties to convert, under a competition limited to 240,000 units, from the Section 9 public housing formula (operating fund and capital fund grants) to the private multifamily housing formula of long-term Section 8 rental assistance contracts. Building on the success of the private Section 8 platform, RAD allows housing authorities to leverage private capital to accelerate improvements and preserve assets. Under RAD, a "RAD User Agreement" replaces the traditional public housing Annual Contributions Contract (ACC) and the Declaration of Trust is removed. RAD does not change the tenant rent calculation.

It made sense for the housing authority to convert to RAD so it could cover the rehabilitation & renovation expenses for MHA owned properties over the next 20 years which are projected to be approximately \$2.2 million. The private loan financing and contributions from operations to a reserve for repair and replacement account will provide for these capital needs over the 20 year period. Indeed, the mandatory contributions to the reserve for repair and replacement will assure that capital needs beyond 20 years are addressed.

All current funding comes from HUD's Operating Fund and Capital Fund subsidies. The trend over the past 20 years does not indicate an increase in federal spending in public housing operating or capital subsidies. Both operating and capital fund subsidies have been reduced by as much as 25% over the past five years. The Annual Contributions Contract (ACC) stipulates that your subsidy is subject to annual appropriations from Congress. There is currently a gap of \$800 million between Public Housing Authority (PHA) Operating Fund eligibility and Congressional appropriations. PHAs must estimate what percentage Congress will approve in preparing their budget. (See attached chart). The Current funding level is at 82% proration, or 82% of what we should be receiving in subsidy according to HUD's formula for calculating operating subsidies. Capital fund subsidies are at a current level of 49% of where they were five years ago.

One of HUD's requirements under the RAD program was that the housing authority had to borrow all of the funds needed for long term capital repairs so that housing authority has enough restricted capital reserves to maintain their properties. Part of the reasoning behind the RAD program was to insure that there are funds available to maintain the properties going forward so not to lose affordable units to disrepair. This requirement enforces that strategy.

Deed restrictions have been placed on the properties to assure that they remain affordable for at least the period of financing and the RAD User Agreement. They could be deed restricted for a longer period of time.

In order to determine the immediate and long term capital requirements of the housing authority, a property conditions assessment was undertaken. It was performed by a licensed engineer who inspected the interior and

exterior of every unit to determine the immediate and long-term (20 years) capital needs. The housing authority was required under the RAD program to commission a PCA to provide a review of the current and anticipated needs of the properties over the next 20 years. HUD requires that there be sufficient funding each year to ensure all work can be completed; this is accomplished through an Initial Deposit into the Replacement Reserve and annual Replacement Reserve contributions. This account can only be used for property improvements and funds are only released with HUD approval. HUD also requires that the yearly balance does not fall below determined thresholds and at the end of the 20 year period there is still funding available for repairs which will be needed in year 21 and further. The PCA report was also required to look at “Green” improvement whenever possible. The property improvements ensure that the property becomes more energy efficient.

The report completed for the Madison Housing Authority showed approximately \$108,000 in immediate repairs; this work will be completed by fall 2017. Additionally, the authority renovated its two elevators, replaced the entranceway concrete and replaced the fire panel and accessories throughout the Rexford S. Tucker senior apartments. This was all done prior to closing on the RAD transaction with the understanding that the Operating Reserve would be paid back at closing, and it was. HUD will monitor all future work to ensure it is completed properly. Over the course of 20 years the anticipated repairs include items such as windows, roofs, and complete kitchen/bathroom renovations. Under the current funding structure the Authority does not receive sufficient funding in any one year to make these types of replacements at one time (i.e. all windows), they would be completed in piecemeal. The RAD program will enable the Authority to make the needed repairs and replacement in a timely fashion so the properties do not fall into disrepair.

The Madison Housing Authority was the first public housing authority to close its RAD deal in the State. It was also the first to maintain total ownership of its affordable housing and maintain its residency preference.¹ The results of this transaction of converting from the public housing subsidy platform to the Section 8 Project-Based Voucher funding has increased the operating funds by approximately \$100,000 in 2016 with anticipated increases every year going forward through 2045. Furthermore, this conversion will stop the subsidy cuts experienced by housing authorities over the past twenty plus years.

In addition, this program has allowed the housing authority to borrow funds for capital improvements that otherwise would never have been available. The manner in which the housing authority administers its units, the calculation of tenant rents and the maintenance of the units will not change due to this conversion.

¹ This preference has since been eliminated.

FUNDING SOURCES

As originally instituted in the 1930's, public housing was to be financed by a rather simple formula. The federal government would make annual payments to cover the cost of land acquisition and the principal and interest on the mortgage. Operating expenses, including salaries and maintenance, would be covered by the local housing authorities from incomes derived from tenant rents.

This funding system was changed in 1969 when Congress passed an amendment to the Housing Act of 1939 that capped a tenant's contribution toward their rent at 25% of income. This amendment thus placed the burden for meeting operating expenses on the federal government, relieving tenants of the threat of escalating rental increases.

Beginning in 1971, operating subsidies to local housing authorities were paid on a reimbursable basis. Subsidies were determined by the HUD Area Offices as being the difference between rental incomes and operating expenses.

In 1974 HUD adopted the "Performance Funding System" (PFS) to allocate operating subsidies to authorities. This formula takes into consideration such factors as age of structure, number of units, size of units, etc. Theoretically, this formula is supposed to pay the authority for excess costs above operating receipts (rental income). Unfortunately, this system has never compensated for increases in costs out of the control of the authority such as rising insurance premiums and utility costs.

Based on the PFS formula, the Housing Authority of the Borough of Madison received no operating subsidy from the federal government from 1982 until 1998 when it received \$16,000 for operations. In fiscal years 2002-2010 operating subsidies have been substantially reduced by HUD due to significant congressional budget cuts. In 2011 Congress adopted the sequestration that reduced funding by over 10%. Since that time our capital funds and operating subsidies have been reduced to 89% of eligibility.

All of our Authority's operating income is generated in three ways:

1. Rents collected from tenants.
2. Interest
3. Other income: generated from lease of laundry equipment, late charges, maintenance repair charges, cell tower revenues, management and maintenance contracts with MAHC, etc.

In 2016 the manner in which the housing authority receives its funding has changed completely due to the conversion to project-based vouchers. Previously the authority received Section 9 funds from HUD, but with the conversion the authority now receives Section 8 Project-Based Voucher funds. The significance of this transaction is that since its inception, while the public housing program has received numerous reductions in funding, this program has not. The Authority has a contract rent for each of its 134 affordable housing units and the difference between the tenant's portion of the rent and the contract rent will be subsidized by HUD through a monthly rental assistance payment.

The Authority has **never** requested **nor received** any financial contribution or subsidy from the Borough of Madison to operate or administer its operations. However, in support of the Authority, the Borough provided the Authority with office space in the Municipal Building from 1980 to 1986. Also the Borough has sold land to the Authority for as little as \$1.00 to as much as \$1,000,000. The Borough also returned \$160,000 to the Authority for the development of the senior citizen building in 1985. These funds were used to provide additional amenities for the residents. The Borough has also pledged its Affordable Housing Trust Funds to the Authority for the development of additional affordable housing and for the remediation of the Strickland Place properties. In return the Authority makes an annual Payment In Lieu of Taxes (PILOT) to the Borough.

The Payment in Lieu of Taxes is calculated as follows:

$$\text{Rental Income (income derived solely from the rents paid by the tenants) minus Utility Expenses} \\ \text{times 10\% = PILOT}$$

The 2017 PILOT payment was \$75,431.00. After qualified deductions for garbage collection the MHA paid the Borough over \$65,000. Over the past 30 years the Authority has contributed well over \$1 million to the municipality through its PILOT. This income to the Borough occurred from the development of six properties on which **no** taxes were previously being paid.

The Authority's annual budget is approved by HUD and the State. The fiscal year runs from April 1 to March 31. The Authority's most recent 5 years audited finances are summarized below:

<u>FYE 3/31</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administration	26%	31%	28%	27%	25%
Maintenance	26%	22%	26%	24%	27%
Utilities	13%	12%	13%	10%	9%
Benefits	11%	12%	12%	14%	15%
Insurance	4%	4%	4%	7%	5%
Payment in Lieu of Taxes	5%	5%	4%	5%	5%
Tenant Services	13%	12%	11%	10%	10%
Misc.	2%	2%	2%	3%	4%

In addition to the income generated for administration and operation of the housing programs, the Authority has received development funds from HUD. These funds received in the 1980's and early 1990's were used to build the scattered site and senior citizen low-income public housing. The Authority also has received Community Development Block Grant funds. These funds assisted the Authority with site acquisition and site improvements for our housing developments. Because the Authority has an outstanding reputation in the field of housing production, it continues to receive funding from Morris County Department of Community Development.

CURRENT NEED

The Authority maintains a waiting list of income eligible families for our housing programs, including the Section 8 Rental Assistance Program. The current waiting list of families is as follows:

	<u>1-Bedroom</u>	<u>2-Bedroom</u>	<u>3-Bedroom</u>	<u>4-Bedroom</u>	<u>Total</u>
Family Housing	59	68	65	8	200
Senior Housing	45	2	47		
Section 8					457

The need for housing assistance to families residing in Madison has been greatly reduced through the efforts of the Section 8 housing choice voucher program and the Housing Authority’s family and senior affordable housing. However, there is still a significant unmet need throughout the region. The waiting lists for family & senior housing have been closed since October 2016. The housing authority office receives approximately 40 phone calls, drop in visits and emails each week from individuals seeking housing assistance.

The current 2016 federal income guidelines by which a family is determined to be eligible for housing assistance is as follows:

	Number of Persons in the Household						
	1	2	3	4	5	6	7
Very Low							
Income	\$20,500	\$22,900	\$25,750	\$28,600	\$30,900	\$33,740	\$38,060
Low Income	\$33,400	\$38,300	\$42,950	\$47,700	\$51,550	\$55,350	\$59,150
Moderate	\$50,350	\$57,550	\$64,750	\$71,900	\$77,700	\$83,450	\$89,200

In 1996 the Authority amended its Occupancy and Admissions policy to be more responsive to the community’s needs. Based on the increasing numbers of residents who had elderly parents living outside of the Borough, the Authority amended its policies and began giving parents of Madison residents a preference for senior citizen housing. However, in 2016 the Borough Council in response to the State mandates around the Council on Affordable Housing’s rules and regulations adopted an affirmative fair housing marketing plan that eliminated all residency preferences.

The Authority has been authorized by HUD to use the Low Income guidelines for 50% of our senior citizen units, and 20% of our scatter-site units.

By enabling the Authority to use the higher income guidelines, the Authority has been able to establish a better socioeconomic mix of residents. Furthermore, the Authority does not now, nor does it expect in the future to rely solely on the federal government for operating income. In fact, the Authority is substantially self-sufficient and rents collected cover almost all of the expenditures and even provide a modest reserve. By using

these Low Income guidelines, the Authority has saved the federal government over \$100,000 a year in operating subsidies the Authority would otherwise be entitled to receive. The single biggest deficit comes in the capital reserve where there is not enough to cover future maintenance and repairs. However through the 2016 Rental Assistance Demonstration Program conversion this problem has been alleviated.

FUTURE OPTIONS

The Madison Housing Authority has several options to explore as it attempts to further its primary goal of providing housing assistance to the low and moderate income population of the Borough of Madison. These options are as follows:

1. Convert to Project-Based Vouchers

The conversion under RAD made the most financial sense to maintain the financial viability of the housing authority for the next 30 years. The closing was completed on November 23, 2015. This transition gave the authority a stable funding stream and at the same time enable it to generate capital reserves that coupled with the initial loan will enable the authority to maintain the apartments over the next three decades.

2. Continue to build new low-income public housing.

There is no longer any ability to develop public housing because the U.S. Department of Housing & Urban Development (HUD) has eliminated all new construction funds for this purpose. However, we do have the ability to follow through on another option contingent upon two factors. The first is the acquisition of property on which to build. This has become more difficult every year as the price of available and suitable property increases and land becomes scarcer. The second is the availability of funding for new construction. The Authority is prohibited from adding to its project-based voucher inventory, so all new affordable housing will have to be self-sufficient.

This option seems to be the least likely to succeed. The Authority's efforts will be better spent exploring other avenues.

3. Purchase and renovate multi-family housing units for low-income tenants.

The Housing Authority has been interested in this option for many years, but has always run into funding problems. Due to the high cost of local real estate, the U.S. Department of Housing and Urban Development has been reluctant to fund an acquisition and rehabilitation project in Madison. In the past, HUD has taken the position that it is more expensive to acquire and rehabilitate low-income housing units than it would be to build new. Therefore, the Authority must look to other sources for funding. One source of funding could be the Borough's Affordable Housing Trust Fund. (See attached description – Appendix 4). The creation by the Borough Council of the Housing Trust Fund provides the Borough and the Housing Authority with the funds to pursue specific mutually agreed upon goals such as the implementation of an acquisition and rental rehabilitation program.

In addition, where there is a development boom and a tight housing market, leveraging of a developer's fee with federal, state and local subsidized housing programs promises to make available badly needed below-market housing through either rehabilitation or new construction.

The Housing Trust Fund alone will not solve local housing problems; it could significantly contribute to eliminating some of the housing shortage, while at the same time upgrading the Borough's housing stock.

The Housing Authority has always been strongly committed to housing rehabilitation as a means of both eliminating substandard housing and providing decent, safe and sanitary housing for low-income residents. Unfortunately, there have never been any federal funds for such a program allocated to Madison. The Authority will, however, continue to pursue alternative avenues of revenue for these purposes including the use of the Housing Trust funds.

The business community must be tapped for some of these resources. It has become apparent that the workforce necessary for the continued growth and success of the Morris County business community is not readily available within the County. It has become the norm and not the exception to have employees travel from Sussex County and even Pennsylvania to work here. These greater commuting expenses will increase the cost of labor. The "American Dream" of owning a home has become almost impossible to attain for the average working person looking to purchase their first home in Morris County. Better partnerships must be established between the Housing Authority and the business community so that solutions to the affordable housing crisis for their workforce may be met.

4. Build or purchase units for low and moderate-income families.

Trying to define moderate income is a difficult task. There are no federally funded programs specifically for this income group. If state funds are used then the income guidelines established for "Mt. Laurel" type housing must be used. However, if there were no state or federal funds used the guidelines for determining eligibility could be defined by the Housing Authority.

The funding for this type of program could be generated from the Housing Trust Fund, through the sale of public bonds, or a partnership between business and the Authority.

Land or existing structures would have to be purchased at full or negotiated market value, or be donated by private industry. The financial feasibility of this effort; funds available, level of rental income, etc. would be the determining factor.

5. Build low-income housing for senior citizens.

Once again the two factors referred to in Option 1 are inhibiting the Authority from pursuing this goal. In addition, the percentage of our affordable housing obligation for age-restricted housing has been met.

6. Increase rental subsidies.

Due to the very low Section 8 Payment Standard established by HUD for the Madison area, this program no longer has the ability to serve the needs of many of the low-income renters in the community. Even though there are many income eligible renters in need of financial assistance, their apartments rent for more than the federally mandated limits, and many landlords are not interested in participating in the program. Therefore, the low-income family cannot receive any subsidy.

Since 1981 the Authority has petitioned HUD to remove Morris County from the Newark Primary Metropolitan Statistical Area (PMSA) when determining Fair Market Rents/ Payment Standards. HUD has recognized that these limits for this PMSA were inadequate for Morris County, and has granted all of the authorities in the County a 20% exception rent every year. As part of the federal legislation which created the Section 8 Program HUD is limited to approving no more than a 20% increase in the published FMRs. It is the intent of the Section 8 Program to enable low-income families to occupy housing which approximates the median quality of acceptable housing currently occupied by other tenant families in the County. The established rental limits should more closely reflect the actual rents in Morris County, exclusive of Essex and Union Counties.

7. Buy and/or rehabilitate existing commercial properties with low-income rental units attached.

It could be financially feasible to build low-income units if the rental income from a commercial venture on the first floor of the multi-use structure is used to subsidize low-income housing units on the floors above.

8. Purchase property in the commercial district on which to build multi-use structures.

It could be financially feasible to build low-income units if the rental income from a commercial venture on the first floor of the multi-use structure is used to subsidize low-income housing units on the floors above.

9. Establish a rehabilitation program for rental apartments.

The Affordable Housing Trust funds could be used to subsidize renovations in private apartments with the understanding that if these funds are accepted by the owner they must deed restrict their apartments for 30 years. This would have a two-fold benefits; one to assist more low and moderate income families with affordable housing, and two to meet the Borough's Mt. Laurel goals.

10. Alleviate Council on Affordable Housing (COAH) quotas.

The original quota established by the Council on Affordable Housing for Madison was 144 units. Through the efforts of the housing authority the Borough met its quota. Based on the 2014 numbers released by COAH, the Borough's prospective need was 118 units, its present need was 32 units, its prior round obligation was 66 units and its gap (1999-2014) need was 67 units for a total of 293 units. Subtracting the Borough's completed units and credits and the units addressed in the 2015 Plan, the Borough's unmet need is 16 units (283 total need, less 163 prior round units & credits, less 28 current round units and credits already constructed, less units addressed in the 2015 Plan totaling 31 rehab units and 45 affordable units.)

The Borough had previously received Substantive Certification from COAH, which eliminated any potential litigation by a developer who could force the Borough to accept a "builder's remedy-density bonus" option. However, this does not alleviate the actual need shown very clearly by the size of the current waiting list.

The Housing Authority actively assisted the Planning Board and the Borough Council in the development of a Housing Element for the Master Plan. This Housing Element was submitted to the State and explains how the Borough has met its Affordable Housing Needs.

The Housing Authority has willingly accepted this responsibility and responded by meeting the challenge and has previously alleviating the COAH mandated obligation. Therefore, while the housing authority is ready to accept this role, it must be viewed in light of the numerous factors involved with any development including but not limited to the available financial resources.

The Borough is awaiting a decision by the Courts of their state-mandated current and future affordable housing needs.

11. Establish a Redevelopment Entity within the Housing Authority.

The creation of the Housing and Redevelopment Authority would enable the Borough to direct the actions of the Authority in its efforts to develop such improvements as commuter and commercial parking, renovation of commercial properties, etc. It would also have the ability to solicit funds from the state and federal governments for these activities lessening the financial burden on the taxpayers of Madison. The major difference between a housing authority and a redevelopment authority is that the municipal governing body in conjunction with the Planning Board establishes an area in need of rehabilitation and then directs the redevelopment authority to undertake specific projects. Without this direct involvement by the municipal body the redevelopment authority has no powers.

12. Establish a First Time Homeownership Program with a Downpayment Assistance Component.

The Housing Authority in conjunction with some of its many partners such as the Madison Affordable Housing Corporation, Morristown Housing Authority, COGIC Community Development Corporation, Housing Partnership For Morris County, Habitat for Humanity, etc. could develop a Section 8 homeownership program that would subsidize first time homebuyers with paying part of their mortgage.

In addition, through participation and successful completion of the Housing Partnership For Morris County's First Time Homebuyers Program the household would be eligible for downpayment assistance.

13. Assist other housing authorities acting in the capacity of Executive Director.

The Housing Authority would act in the capacity of Executive Director of a housing authority that was in need of an Executive Director. This would be an interim position for which the Madison Housing Authority would be financially compensated. The additional funds generated through this endeavor would help to offset lack of funding from the federal government (HUD). This was done through an inter-local service contract between the Madison and Keansburg and Summit Housing Authorities.

RECOMMENDATIONS

CURRENT STATUS

- | | |
|---|------------------------------|
| 1. Housing Authority Spin-Off-Not-For-Profit 501 (c)(3) Corporation. | Completed |
| 2. Assist other municipalities and non-profits to develop affordable housing. | On-Going |
| 3. Assist other municipalities and non-profits with occupancy/admissions and management of affordable housing units. | On-Going |
| 4. Have the Borough implement a developer's fee. | Completed |
| 5. Have the Borough establish an Affordable Housing Trust Fund. | Completed |
| 6. Construct affordable for-sale housing as funds from suitable sources permit. | On-Going |
| 7. Develop a plan for the marketing and administration of a housing rehabilitation program. | On-Going |
| 8. Continue to provide for low-income families through the purchase and/or rehabilitation of existing multi-family structures. | Being Investigated |
| 9. Construct multi-family housing units for sale to moderate-income families. | Completed but still on-going |
| 10. Create a redevelopment entity to assist the Borough in developing additional parking, renovating commercial properties, etc. | Being Investigated |
| 11. Develop a Section 8 Homeownership program. | Being Investigated |
| 12. Construct multi-family housing units for sale at below market rate prices to seniors wanting to "cash-out". | Being Investigated |
| 13. Act as Administrative Agent & Affordable Housing Trust fund Administrator to generate funds for possible alternate affordable housing purposes. | On-Going |

CONCLUSION

Historically it has been impossible for housing authorities nationwide to develop long-range plans for future development. This is due to the uncertainty of funding sources, political environments and the changing economic climate. Furthermore, housing authorities are never notified until the very last minute when funds will be available.

Through the implementation of the Section 8 Voucher, Scattered Site and Senior Citizen housing programs this Authority has been directly responsible for the upgrading, and in some instances, substantial rehabilitation of multi-family dwelling units in the Borough of Madison.

The Authority performs inspections of all units prior to their admittance to the Voucher Program. If there are violations to the housing quality standards, the landlord is required to make the necessary repairs if they wish to participate in the program.

Furthermore, when tenants moved into the 134 units of public housing, now Project based Voucher Housing) from their original Madison apartments, many landlords renovated the vacated units and raised the rents, removing them from the low-income housing inventory by making them unaffordable to low-income tenants.

Over the past thirty six years the Authority has contributed to the economy in Madison through the Section 8 Voucher rent subsidies to landlords almost \$35 million.

The Housing Authority of the Borough of Madison has only one goal to guide its activities: to provide decent, safe, sanitary and affordable housing for Madison residents in need of financial assistance using whatever funding sources are available.

The accomplishments of the Housing Authority over the past thirty six years are encouraging as we look at the goals which have been met. The Authority is respected by the County, the State, and nationwide as having provided quality housing which is both functional as well as esthetically pleasing and suited to the community. Moreover, the dedication and perseverance of the Commissioners in meeting their designated obligation is commendable. With such a success rate, the Authority can look forward with confidence to future challenges.

It is **NOT** the objective of this Authority to build an empire in public housing with its concomitant staff and expenses. It is, however, the Authority's objective to meet the obvious need, consistent with accepted and mandated guidelines for lower income families living and working in Madison. The Authority believes it has this mandate from the Borough's citizens and that this is a reasonable, logical, desirable and affordable objective.

The Authority will continue its efforts whenever financially possible to provide affordable rental housing or housing assistance to those in need. And when this is not financially feasible, every effort will be made to find the necessary funds to continue.

The Housing Authority of the Borough of Madison is proud and honored to be recognized not only in the County and State, but also across the Nation as a leader in providing affordable housing and developing innovative methods of financing this type of housing. To that end the housing authority recently won three very prestigious awards; The Best Affordable Housing Award from the Housing and Community Development Network of New Jersey, The New Jersey Future Smart Growth Award and the NAHRO Award of Excellence.

With the completion of the Rental Assistance Demonstration (RD) program transaction, the Authority has a much more stable funding stream, which will enable staff to better investigate and implement alternative means for developing affordable housing.

Madison Affordable Housing Corporation

In 1990 the Board of Commissioners of the Madison Housing Authority and several concerned citizens of the Borough of Madison realized that there was a need for additional affordable housing in the Borough as well as the entire county. At the same time HUD was substantially reducing funds to build affordable housing, which caused the supply of affordable housing to lag far behind the demand.

On April 24, 1991 the Certificate of Incorporation and bylaws of the Madison Affordable Housing Corporation was executed by a five member Board of Trustees. These documents were submitted to the New Jersey Secretary of State for filing and the Internal Revenue Service to gain their approval of a 501 (c) (3) non-profit corporation status. The Bylaws were revised to increase the Board to seven members in 1999.

These concerned citizens created the MAHC, a 501 (c) 3 Corporation with three goals in mind: 1) to develop affordable housing for low-income families, 2) to reduce the homeless population in Morris County, 3) to generate revenues that would enable the corporation to continue to develop affordable housing and provide additional services to residents not currently afforded them.

This entity would have the ability to work not only in Madison, but also with other municipalities in the county and state. The primary objective was to alleviate the problem of insufficient affordable housing for the elderly in the area who were either homeless, living in substandard housing, overcrowded housing or paying more than 50% of their income for housing. The secondary objective was to create a user-friendly entity that would partner with a municipality to develop their "Mt. Laurel" housing. This entity would also partner with other nonprofits to support their primary goals.

The mission of the MAHC is as follows:

The purpose for which this corporation is organized is the recognition of the mutual concern and common interests to achieve better living environments for the residents of the Borough of Madison, Morris County and the State of New Jersey through providing decent, safe and affordable housing for low and moderate income families, including necessary social programs and job opportunities for residents when possible. This corporation shall coordinate and expand the roles of federal, state, local government, private sector organizations, professional organizations such as the National Association of Housing and Redevelopment Officials, PHADA, private foundations and the community at large as it relates to the provision of affordable housing in the State of New Jersey.

The first venture of the MAHC was to develop 12 units of affordable senior citizen housing in Madison. This was done by purchasing a condemned two family house, demolishing it and constructing the units in place. This was possible through the leveraging of funds from the private and public sectors. Several of the apartments were specifically designated for the homeless.

The corporation has been so successful that it has generated excess revenues that have been used as seed capital for additional projects and to provide additional services to the residents. In addition, because of its successful first venture several municipalities needing assistance in their efforts to develop affordable housing have approached the Corporation. The Township of Denville, New Jersey used the MAHC as the developer and General Partner of its low income housing tax credit development, Cook's Pond, a 70 units of senior housing development. Occupancy took place in August 2000. Just recently, MAHC purchased the Limited Partner's equity and is now the sole owner of the property.

The next venture was the development of five townhouses at 27 Elm Street in Madison for first time homebuyers. This was funded in part through donations from Morris County Community Development Block Grant Program and the HOME Investment Partnership program. The Corporation worked closely with the Housing Partnership for Morris County who provided the homebuyers counseling and conducted the lottery that selected the homebuyers.

Two other endeavors were joint efforts between the MAHC and the Church of God In Christ (COGIC) and Morris Habitat for Humanity. These projects involved the development of a duplex affordable rental unit at 8 George Street and a 2 unit duplex for sale at 6 George Street in Morristown. Both projects consisted of the demolition of either a derelict two-family house or a vacated single family house.

The MAHC has also worked with the Township of Harding in assisting them develop their affordable housing and the City of Summit to develop 6 for-sale affordable housing units

Another venture was a partnership with Morris Habitat for Humanity. This provided three single family homeownership opportunities on Strickland Place in Madison. The Project consists of the acquisition of three building lots and concomitant environmental clean-up of the site. This new development has three (3) single-family homes for low income families located on it. The units were developed in partnership with Morris Habitat for Humanity and sold in accordance with the rules and regulations promulgated by the New Jersey Council on Affordable Housing. The units were sold through a lottery system to families whose incomes are at or below 50 % of the area median. In addition, the development of this site eliminated an unsightly, old and underutilized vacant lot and revitalized an otherwise deteriorating neighborhood. The three families selected were all current Madison residents, two of whom moved out of public housing.

It's most recent venture is the development of 56 low income affordable apartments in Morris Plains. The MAHC hired all of the professionals including the contractor to develop the apartment complex. The property was occupied November 2016.

The corporation generates all of its income from the rents, management fees and developer's fees. It has a management contract with the Madison Housing Authority, which provides the management and maintenance of the properties. The corporation reimburses the MHA for management expenses, including but not limited to salaries and wages, maintenance materials, contract costs, etc.

The Corporation is comprised of seven Trustees who live in the community. The Corporation has three full-time employees and meets all standards of a Community Housing Development Organization (CHDO) as defined in the HUD HOME Investment Partnership Program regulations. It was the first in Morris County and first approved by the State of New Jersey, but due to new HUD regulations may have lost this designation.

The Corporation is also looking to the future when it will be able to provide additional homebuyer opportunities for elderly residents of Madison wanting to “cash-out” and move into smaller units

In 2006 the Borough Council designated the Madison Affordable Housing Corporation as the Affordable Housing Administrator for the Borough and named Louis Riccio as the Municipal Housing Liaison. The MAHC was designated as such to monitor compliance by the Borough in providing housing for low and moderate income families as per regulations set forth by the New Jersey Council on Affordable Housing (COAH).

HOUSING TRUST FUNDS

In June 2006 the Borough of Madison adopted an ordinance establishing a Housing Trust Fund. This Trust Fund charges residential and commercial developers a fee that is used for the development of affordable housing. All of this was done in accordance with the rules and regulations promulgated by the Council on Affordable Housing.

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