

MOUNTAIN LAKES AFFORDABLE ACCESSORY APARTMENTS PROGRAM

Presented by the Mountain Lakes Affordable
Housing Advisory Committee

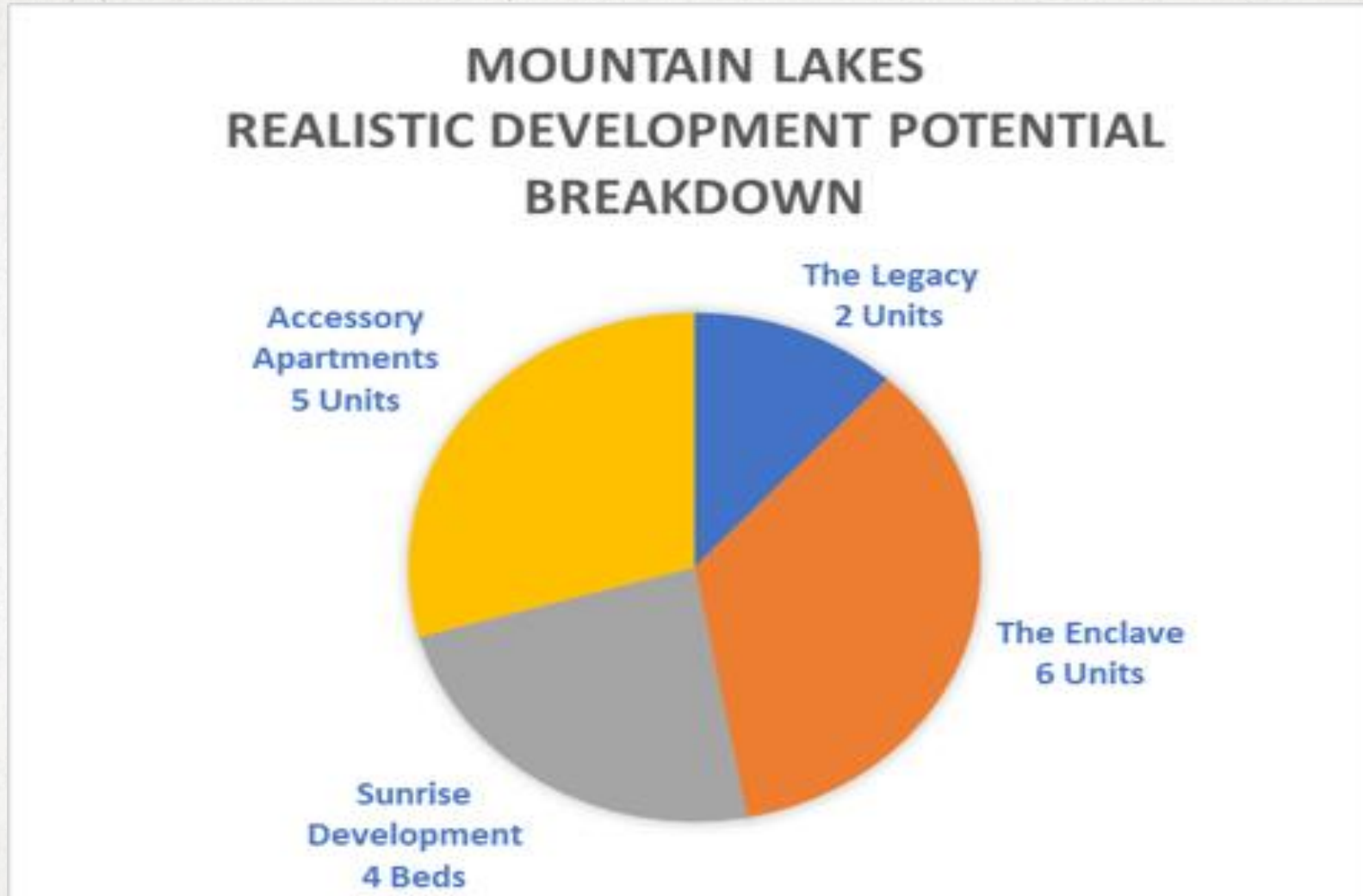
FEBRUARY 24, 2021

BACKGROUND AND PROGRAM OVERVIEW

- January 2019: The Borough of Mtn. Lakes amends and adopts its Housing Element **of the Master Plan to include the Fair Share Plan**
- The courts determined that Mtn Lakes has a **Realistic Development Potential (RDP) of 17 units**
- As part of the Borough's Fair Share Plan, five accessory apartment units are proposed towards its **Third Round Realistic Development Potential**

Accessory Apartments are a thoughtful and non-disruptive means for the Borough to meet its affordable housing requirement

MOUNTAIN LAKES AFFORDABLE HOUSING OBLIGATION 1999-2025



REALISTIC DEVELOPMENT POTENTIAL TOTAL: 17 UNITS³

WHO NEEDS AFFORDABLE HOUSING?

Community & Social Service	\$51,160
Education, Training, & Library	\$58,194
Arts, Design, Entertainment, Sports, & Media	\$54,494
Healthcare Support	\$30,108
Protective Service	\$45,223
Food Preparation & Serving Related	\$24,284
Building & Grounds Cleaning & Maintenance	\$29,671
Personal Care & Service	\$27,028
Sales & Related	\$30,566
Office & Administrative Support	\$39,348
Construction & Extraction	\$58,672
Installation, Maintenance, & Repair	\$53,650
Production	\$35,892
Transportation & Material Moving	\$32,416



WHAT IS AN AFFORDABLE ACCESSORY APARTMENT PROGRAM?

- An Accessory Apartment is defined as a **self-contained residential dwelling with a kitchen, sanitary facilities, sleeping quarters, and a private entrance, which is within an existing home or in a separate existing structure.**
- Examples include carriage houses, mother-in-law quarters, a small rental unit within a single-family home, or above-the-garage apartments in either attached or detached garages.

WHAT IS AN AFFORDABLE ACCESSORY APARTMENT PROGRAM?

- **Affordable Accessory Apartment Defined:** Property is deed restricted for 10 years, subject to affordability controls in marketing, rental cost, and tenant income qualifications
- **Benefits to Homeowners:** Provides extra income to assist in mitigating increases in the cost of living**
- **Mountain Lakes Plan:** By January 2025, identify and issue CO's for **FIVE** Affordable Accessory Apartments in the Borough

****Accessory Apartment Benefits**

To the Property Owner

- Provides a Borough-approved exception to the Single Household zoning standard
- Current renter can stay*
- Creates future housing options
 - Ability to live in the accessory apartment yourself with children or grandchildren in the main house
- Provides rental income
 - Affordable rent for 10 years
 - Market rate rent is allowed after 10 years

Accessory Apartment Benefits

To the Property Owner

- Provides a \$5,000 Thank You stipend from the Borough
- Makes it easy to find credentialed tenants
- Allows homeowners to comfortably stay in a home that's larger than needed, with rental income offsetting maintenance costs
- Tenants may provide additional security and community for those that live alone or travel frequently
- Adds value to your home and offers tax benefits

Accessory Apartment Benefits

To the Borough

- Meets Borough Affordable Housing obligations without overdevelopment
- Provides affordable housing to those looking to live close to where they work such as teachers and healthcare workers.
- Enriches the community with people like artists, caregivers, and others who may have lower-paying jobs
- Diversifies the housing stock creating options for young professionals, empty nesters, and seniors aging-in-place.
- Meets a growing need for affordable housing

Tax Benefits of Rental Properties

Income

- Rental Income acts like an annuity



Expenses

Prorated Expenses

- Mortgage Interest
- Real Estate taxes
- Insurance
- Utilities
- Maintenance and repairs

Direct Expenses

- Repairs
- Supplies
- Depreciation *(building only not on land)*
- Any other expenses directly related to the rental property

for program implementation. The following are program highlights:

ACCESSORY APARTMENT PROGRAM HIGHLIGHTS

- **Borough's initial focus will be on the conversion* of existing Accessory Apartments to deed-restricted affordable apartments**
- **Obligation is 4 moderate-income and 1 very low - Income units**
- **Each Accessory Apartment will have a 10 - year deed restriction**
- **Borough will provide a one-time subsidy of \$5,000 to offset costs associated with program participation and prepping the apt.**

PROGRAM HIGHLIGHTS

- **The Borough's Administrative Agent*** will administer the process to find tenants for the accessory apartments
- **Tenants must income-qualify for the apartments**, and meet non-discriminatory criteria that the property owner defines (i.e. non-smoker, no pets, 1- vs. 2-person household)
- **If the current tenant income-qualifies for the unit, it will immediately become an affordable unit**
- **If improvements are required** on an existing apartment, homeowners will follow normal permitting, construction, and approval processes for all improvements

PROGRAM HIGHLIGHTS

- **Homeowners with current tenants can join the program, however, if the current tenant does not income-qualify for the unit, the tenant can remain but as soon as the tenant leaves, the homeowner will engage with the Administrative Agent to get a new income-qualified tenant**
- **At the end of the 10-year deed restriction, the property owner can keep the affordable unit in the affordable housing program if the unit rental cost stays within program limits. The owner can also rent out the unit to tenants, without regard to tenant income or limitations on monthly rental fee**

PROGRAM HIGHLIGHTS

Interested homeowners will be provided with an application, and the owner(s) must agree to restrict the apartment to affordable households, follow program guidelines and file a deed restriction on the property for a period of at least ten (10) years

2020 Income Eligibility Table Region 2

Household Size	Maximum Income Based on Household Size		
	Mod	Low	Very Low
1	\$51,700	\$36,929	\$22,157
2	\$59,086	\$42,204	\$25,322
3	\$66,471	\$47,479	\$28,488
4	\$73,857	\$52,755	\$31,653
5	\$76,811	\$54,865	\$32,919



Permitted Rents*

	Bedroom Size			
<u>Income Level</u>	<u>Studio/ Efficiency</u>	<u>1-Bedroom</u>	<u>2-Bedroom</u>	<u>3-Bedroom**</u>
Moderate	\$988 - \$1,108	\$1,030 - \$1,187	\$1,222 - \$1,424	\$1,395 - \$1,646
Low	\$803 - \$923	\$832 - \$989	\$985 - \$1,187	\$1,121 - \$1,372
Very Low	\$434 - \$554	\$436 - \$593	\$510 - \$712	\$572 - \$823

*Can be adjusted annually

**Landlord pays tenants utilities (water/gas/electric) for high end rent range

THANK YOU – QUESTIONS/ANSWERS

Mtn. Lakes Affordable Housing Advisory Committee

Borough Council Members

Cynthia Korman, Council member

Audrey Lane, Council member

Khizar Sheikh, Council member

Professionals

Mitchell Stern, Borough Manager

Bob Oostdyk, Borough Attorney

Randy Gottesman, CGP&H Borough
Administrative Agent

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Guest Attorney: Cara Parmigiani, Esq.