

ORDINANCE NO. 04-2026

AN ORDINANCE OF THE TOWNSHIP OF EAST HANOVER, IN THE COUNTY OF MORRIS, STATE OF NEW JERSEY, DELETING AND REPLACING ARTICLE XII “AFFORDABLE HOUSING REGULATIONS” OF CHAPTER 95 “LAND USE AND ZONING” TO UPDATE THE TOWNSHIP’S AFFORDABLE HOUSING ORDINANCE IN ACCORDANCE WITH THE DECEMBER 2025 UNIFORM HOUSING AFFORDABILITY CONTROLS, DECEMBER 2025 N.J.A.C. 5:99 REGULATIONS, AND THE AMENDED FAIR HOUSING ACT

WHEREAS, the Township of East Hanover filed a Declaratory Judgment Action on January 29, 2025 seeking a certification of compliance with the Fair Housing Act; and

WHEREAS, the East Hanover Land Use Planning Board adopted the 2025 Housing Element & Fair Share Plan for the Fourth Round on June 24, 2025, which was duly endorsed by the Township Council, and timely filed with the Affordable Housing Dispute Resolution Program; and

WHEREAS, the Township has entered into a Mediation Agreement with Fair Share Housing Center that requires all of the implementing documents, including an Affordable Housing Ordinance, to be adopted by March 15, 2026; and

WHEREAS, new N.J.A.C. 5:99 regulations and new Uniform Affordability Housing Controls rules were adopted in December of 2025; and

WHEREAS, the Department of Community Affairs (“DCA”) is preparing a template affordable housing ordinance for municipalities; however said template has not yet been released; and

WHEREAS, in order to comply with the March 15, 2026 deadline, the Township is adopting this interim ordinance until the DCA issues a template ordinance, and will introduce an amended affordable housing ordinance after the state template is released; and

WHEREAS, the Township seeks to delete and replace its existing Affordable Housing Ordinance to reflect the new regulations.

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and Township Council that:

SECTION 1. The Township Code, Chapter 95 “Land Use and Zoning”, Article XII “Affordable Housing Regulations” is deleted in its entirety and replaced as follows:

Article XII Affordable Housing Regulations

§95-125 **Affordable housing requirements.**

A. Purpose and applicability.

- (1) This Article of the Code sets forth regulations regarding the very low-, low- and moderate-income housing units in the Township of East Hanover consistent with the provisions outlined in P.L 2024, Chapter 2, including the amended Fair Housing Act (“FHA”) at N.J.S.A. 52:27D-301 et seq., as well as the Department of Community Affairs, Division of Local Planning Services (“LPS”) at N.J.A.C. 5:99 et seq., statutorily upheld existing regulations of the now-defunct Council on Affordable Housing (“COAH”) at N.J.A.C. 5:93 and 5:97, the Uniform Housing Affordability Controls (“UHAC”) at N.J.A.C. 5:80-26.1 et seq., and as reflected in the adopted municipal Fourth Round Housing Element and Fair Share Plan (“HEFSP”).
- (2) This Article is intended to ensure that very low-, low- and moderate-income units ("affordable units") are created with controls on affordability over time and that very low-, low- and moderate-income households shall occupy these units pursuant to statutory requirements. This article shall apply to all inclusionary developments, individual affordable units, and 100% affordable housing developments except where inconsistent with applicable law. Low-Income Housing Tax Credit financed developments shall adhere to the Uniform Housing Affordability Controls.
- (3) The East Hanover Land Use Planning Board has adopted a HEFSP pursuant to the Municipal Land Use Law at N.J.S.A. 40:55D-1, et seq. The Fair Share Plan describes the ways the municipality shall address its fair share of very low-, low- and moderate-income housing as approved by the Superior Court and documented in the Housing Element.
- (4) This Article implements and incorporates the relevant provisions of the HEFSP and addresses the requirements of P.L 2024, Chapter 2, the FHA, N.J.A.C. 5:99, NJ Supreme Court upheld COAH regulations at N.J.A.C. 5:93 and 5:97, and UHAC at N.J.A.C. 5:80-26.1, as may be amended and supplemented.
- (5) Applicability.
 - (a) Nothing hereinto shall be interpreted to deprive the Township of any rights, including the right to seek approval of any waivers permitted under UHAC or other relevant sources of law.
 - (b) The provisions of this Article shall apply to all affordable housing developments and affordable housing units that currently exist and that are proposed to be created pursuant to the municipality’s most recently adopted HEFSP.
 - (c) This Article shall apply to all developments that contain very low-, low- and moderate-income housing units included in the Municipal HEFSP, including any unanticipated future developments that will provide very low-, low- and moderate-income housing units.

- (d) Projects receiving federal Low Income Housing Tax Credit financing and are proposed for credit shall comply with the low/moderate split and bedroom distribution requirements, maximum initial rents and sales prices requirements, affirmative fair marketing requirements of UHAC at N.J.A.C. 5:80-26.16 and the length of the affordability controls applicable to such projects shall be not less than a 30-year compliance period plus a 15-year extended-use period, for a total of not less than 45 years.

B. Monitoring and reporting requirements.

- (1) The municipality shall comply with the following monitoring and reporting requirements regarding the status of the implementation of its court-approved Housing Element and Fair Share Plan:
 - (a) The municipality shall provide electronic monitoring data to the New Jersey Department of Community Affairs pursuant to P.L 2024, Chapter 2 and N.J.A.C. 5:99 through the Affordable Housing Monitoring System (AHMS).
 - (b) On or before February 15 of each year, the municipality shall provide annual reporting of its municipal Affordable Housing Trust Fund activity to the New Jersey Department of Community Affairs on the AHMS portal. The reporting shall include an accounting of all municipal Affordable Housing Trust Fund activity, including the sources and amounts of funds collected and the amounts and purposes for which any funds have been expended, for the previous year from January 1st to December 31st.
 - (c) On or before February 15 of each year, the annual reporting of the status of all affordable housing activity shall be provided to the New Jersey Department of Community Affairs on the AHMS portal, for the previous year from January 1st to December 31st.

C. Township-wide set-aside.

- (1) Any property in the Township of East Hanover that receives approval to construct new multifamily residential development, which would yield five or more units, shall provide a minimum affordable housing set-aside of 20% regardless of tenure.
- (2) This requirement shall not apply to sites zoned for inclusionary residential development to meet the Realistic Development Potential or the overlay zones created to meet the unmet need as part of the Township's Housing Element and Fair Share Plan, which shall comply with the applicable zoning or redevelopment plan requirements of providing affordable housing units.
- (3) This requirement does not, and shall not be construed to, grant any developer the right to any rezoning, variance, redevelopment designation or other relief or establish any obligations on the part of the municipality to grant such rezoning, variance, redevelopment designation or other relief.

- (4) A property shall not be permitted to be subdivided so as to avoid compliance with this requirement.
- (5) All affordable units created pursuant to this section shall be governed by the provisions of Article XII, Affordable Housing Regulations.

D. Fractional units and subsidy payments.

- (1) Inclusionary developments that result in a fractional affordable housing obligation of 0.3 or less may round the number of affordable units down. The applicant shall make a subsidy payment to cover the fraction.
- (2) If the required number of affordable units results in a fraction of 0.31 or greater, the applicant shall round up and provide the additional affordable unit.
- (3) The subsidy payment for East Hanover shall be \$245,975 for 2026. The subsidy payment shall increase by 3% each year. To calculate the subsidy payment, the developer shall multiply the fraction by the payment. For example, a fraction of 0.3 triggered in 2026 would require a payment of \$73,792.50. The payment shall be made to the Township's Affordable Housing Trust Fund.

E. Affordable housing programs.

- (1) Pursuant to amended UHAC regulations at N.J.A.C. 5:80-26.1 et seq. and, in addition, pursuant to P.L. 2024, c.2 and specifically to the amended FHA at N.J.S.A. 52:27D-311.m, "All parties shall be entitled to rely upon regulations on municipal credits, adjustments, and compliance mechanisms adopted by the Council on Affordable Housing unless those regulations are contradicted by statute, including but not limited to P.L. 2024, c.2, or binding court decisions."
- (2) All affordable housing units created within the Township of East Hanover shall comply with the version of N.J.A.C. 5:80-26.1 et seq. in effect at the time of application or zoning approval.

F. Municipal Housing Liaison.

- (1) The Township of East Hanover shall appoint a specific municipal employee to serve as a Municipal Housing Liaison responsible for administering the affordable housing program, including affordability controls, the Affirmative Marketing Plan, monitoring and reporting, and, where applicable, supervising any contracted Administrative Agent. The Municipal Housing Liaison shall be appointed by the governing body and may be a full or part time municipal employee.
- (2) The Municipal Housing Liaison's responsibilities can be found in N.J.A.C. 5:99.

G. Administrative Agent.

- (1) All municipalities that have created or will create affordable housing programs and/or affordable units shall designate or approve, for each project within its HEFSP, an administrative agent to administer the affordable housing program and/or affordable housing units in accordance with the requirements of the FHA, NJAC 5:99-1 et seq. and UHAC.
- (2) The fees for administrative agents shall be paid as follows:
 - (a) Administrative agent fees related to rental units shall be paid by the developer/owner.
 - (b) Administrative agent fees related to initial sale of units shall be paid by the developer.
 - (c) Administrative agent fees related to resales shall be paid by the seller of the affordable home.
 - (d) Administrative agent fees related to ongoing administration and enforcement shall be paid by the municipality.
- (3) The Administrative Agent's responsibilities can be found in N.J.A.C. 5:99.

H. Enforcement of affordable housing regulations.

- (1) Upon the occurrence of a breach of any of the regulations governing the affordable unit by an owner, developer or tenant, the municipality shall have all remedies provided at law or equity, including but not limited to foreclosure, tenant eviction, a requirement for household recertification, acceleration of all sums due under a mortgage, recuperation of any funds from a sale in violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.
- (2) After providing written notice of a violation to an owner, developer or tenant of a very-low, low-, or moderate-income unit and advising the owner, developer or tenant of the penalties for such violations, the municipality may take the following action(s) against the owner, developer or tenant for any violation that remains uncured for a period of 60 days after service of the written notice:
 - (a) The municipality may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation or violations of the regulations governing the affordable housing unit. If the owner, developer or tenant is adjudged by the Court to have violated any provision of the regulations governing affordable housing units the owner, developer or tenant shall be subject to one or more of the following penalties, at the discretion of the Court:
 - [1] A fine of not more than \$500 per day or imprisonment for a period not to exceed 90 days, or both, provided that each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not a continuation of the initial offense. In the case of an owner who has rented a very-low, low-, or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Township of East Hanover Affordable Housing Trust Fund of the gross amount of rent illegally collected.

- [2] In the case of an owner who has rented a very-low, low-, or moderate-income unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the Court.
- (b) The Township may file a court action in the Superior Court seeking a judgment that would result in the termination of the owner's equity or other interest in the unit, in the nature of a mortgage foreclosure. Any such judgment shall be enforceable as if the same were a judgment of default of the First Purchase Money Mortgage and shall constitute a lien against the very-low, low-, or moderate-income unit:
- [1] The judgment shall be enforceable, at the option of the municipality, by means of an execution sale by the Sheriff, at which time the very-low, low-, and moderate-income unit of the violating owner shall be sold at a sale price which is not less than the amount necessary to fully satisfy and pay off any First Purchase Money Mortgage and prior liens and the costs of the enforcement proceedings incurred by the municipality, including attorney's fees. The violating owner shall have his right to possession terminated as well as his title conveyed pursuant to the Sheriff's sale.
- [2] The proceeds of the Sheriff's sale shall first be applied to satisfy the First Purchase Money Mortgage lien and any prior liens upon the very-low, low-, and moderate-income unit. The excess, if any, shall be applied to reimburse the municipality for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the municipality in full as aforesaid, the violating owner shall be personally responsible for the full extent of such deficiency, in addition to any and all costs incurred by the municipality in connection with collecting such deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the municipality for the owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the owner shall make a claim with the municipality for such. Failure of the owner to claim such balance within the two-year period shall automatically result in a forfeiture of such balance to the municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the municipality, whether such balance shall be paid to the owner or forfeited to the municipality.
- [3] Foreclosure by the municipality due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as the same apply to the very-low, low-, and moderate-income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the affordable

SECTION 2. If any article, section, subsection, paragraph, phrase, or sentence is, for any reason, held to be unconstitutional or invalid, said article, section, subsection, paragraph, phrase or sentence shall be deemed severable.

SECTION 3. All ordinances or parts of ordinances inconsistent herewith are hereby repealed as to such inconsistencies.

SECTION 4. This Ordinance shall take effect upon final publication as provided by law.

Attest:

TOWNSHIP OF EAST HANOVER

Felicia A. McDonald, RMC
Deputy Township Clerk

Joseph Pannullo, Mayor

Introduced: February 19, 2026
Adopted: March 2, 2026