

UL v. Cartoet (General)

10/19

(1985)

Letter concerning 1985 NJMFA
affordable housing program,
revised draft

9 pgs

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School of Law-Newark • Constitutional Litigation Clinic
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15 Washington Street • Newark • New Jersey 07102-3192 • 201/648-5687

October 9, 1985

TO: ATTORNEYS for ALL TOWNSHIPS in URBAN LEAGUE V. CARTERET,
ET AL.

FROM: Eric Neisser *EN*

RE: New Jersey Housing and Mortgage Finance Agency's
Affordable Housing Program

Enclosed for each of you is a copy of the September 23, 1985 letter to Alan Mallach from the Executive Director of the New Jersey Housing & Mortgage Finance Agency and the attached two-page summary and complete 26-page 9/19/85 Draft of the Agency's Affordable Housing Program. Please note that only municipalities can apply for funding, page 5, and that the deadline for applications, for what now appears will be the only competitive round of funding, is mid-January. Given that practically all settlements and orders in this case involve fundable projects, I thought it best to forward these materials immediately to all township counsel in this case. We would encourage your planning officials and consultants to consult with Alan Mallach on plans for such an application and, in any case, would expect to receive copies of any submitted applications or other interactions with the agency affecting compliance with the relevant Order affecting your town.

I am forwarding copies of this memorandum, Ms. O'Connor's letter, and the two page summary to all other counsel with the suggestion that they contact the Agency directly if they wish to obtain the complete Draft Program or other materials.

CC: Judge Serpentelli
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Philip Caton, Master
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John P. Renna
Chairman

Feather O'Connor
Executive Director

New Jersey Housing & Mortgage Finance Agency

September 23, 1985

Alan Mallach
15 Pine Drive
Roosevelt, NJ 08555

Dear *Alan* ~~Master~~:

On September 19, 1985 the members of the New Jersey Housing and Mortgage Finance Agency Board approved a second set of draft guidelines for the "Affordable Housing Program" authorized by the Fair Housing Act of 1985. The agency initially had proposed to adopt final guidelines in September, but given the significance of the program and the need for the broadest possible discussion, the agency has instead responded to concerns about the initially shorter time constraints by revising the draft and extending the comment period. The most important changes include:

- * A lengthened time frame. The HMFA now expects to adopt final guidelines at the next board meeting, with an application deadline in mid-January and project selection in early 1986.
- * One competitive round of funding instead of three. The HMFA will make \$5 million of the grant and loan funding, along with bond financing, available for the first round. After that, the agency will evaluate the program to determine future funding demand.

The draft also clarifies the HMFA's policy objective, which is to foster creation of both rental and owner-occupied housing for families at a range of incomes below the 80 percent of median line.

Attached is a copy of the revised draft "Affordable Housing Program". If you have questions or comments on the new proposal or have a potential project you would like to discuss, please contact Susan Kimball at the phone number below.

Sincerely,

NEW JERSEY HOUSING &
MORTGAGE FINANCE AGENCY

Feather O'Connor

Feather O'Connor
Executive Director

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1985 NJHMFA AFFORDABLE HOUSING PROGRAM, REVISED DRAFT

The Fair Housing Act of 1985 (P. L. 1985, c. 222) directs the New Jersey Housing & Mortgage Finance Agency to create a program to help communities meet their obligation to develop housing for low- and moderate-income families. On August 1st, the HMFA adopted draft program guidelines, which were circulated to interested parties throughout the state. Following receipt of comments, the HMFA in September adopted a revised draft of the program guidelines. Briefly, the program now includes:

TIMETABLE

The final program is expected to be adopted by the HMFA in November, 1985. Questions and comments on the program or potential projects should be directed to the attention of Susan Kimball, NJHMFA, 3625 Quakerbridge Road, CN 18550, Trenton, NJ 08650-2085.

FUNDING

The funding level remains unchanged:

- + \$ 15 million in grants and loans.
- + \$111 million in lower-interest rate mortgages for home purchases.
- + Unlimited lower-interest rate financing for rental housing.

AVAILABILITY

The HMFA plans an initial competitive round of funding, with \$5 million in grants and loans, more than \$20 million in home purchase mortgage money and unlimited financing for rental housing available. After that, the HMFA will evaluate demand and either establish additional competitive rounds or accept applications on a continuous basis, creating a pipeline of projects.

Round 1: Application deadline, mid-January; project selection, early 1986.

TYPES OF PROJECTS

Purchase

- + Single-family construction--detached, condominium or townhouse style.
- + Rehabilitation of owner-occupied, 2-, 3-, 4-unit buildings.
- + Lease-purchase programs.

Rental

- + Rental developments of five or more units, at least 23% of the units reserved for low- and moderate-income families.
- + In-fill, scattered site, high-rise, garden apartment or townhouse developments.

TYPES OF ASSISTANCE AVAILABLE

Grants and Loans

(averaging \$7,000 per unit, higher averages for 3- and 4-bedroom units)

- + Land acquisition
- + Closing cost assistance for families
- + Interest rate reductions
- + Direct capital contributions
- + Construction financing

Mortgage Financing

- + Permanent mortgages for home purchases.
- + Construction and permanent financing for rental housing.

HMFA Affordable Housing Corporation

At municipal request, HMFA's subsidiary corporation can undertake project development, including land acquisition, construction and management.

APPLICATIONS AND CRITERIA

Municipalities are eligible either directly or on behalf of others for HMFA assistance. Innovation is encouraged, and proposals other than those specifically listed will be considered. However, programs must be directed toward meeting a municipality's fair share obligation. Resale controls or rental restrictions on the affordable units may be imposed for 20 years, and in instances where a grant-assisted unit is being sold on the open market, the sale will be subject to the HMFA's recapture of the grant. All applicants will be required to detail a strategy for affirmatively marketing units.

Applications will be judged on:

- + Contribution by municipality.
- + Project feasibility.
- + Geographic distribution among regions in the state.
- + Significance of the application in resolving litigation.
- + Distribution between rental and purchase housing.
- + Per-unit subsidy requested and distribution between low- and moderate-income housing.
- + Comments by the Council on Affordable Housing.
- + Projected time frame for delivery of housing.
- + Innovative design, providing housing for special households (such as the handicapped or single-parent families)

NEIGHBORHOOD PRESERVATION PROGRAM

Development funding also is available from the Department of Community Affairs' Neighborhood Preservation Program. For more information, contact ~~Stewart Bressler, Bureau of Housing and Community Development, Department of Community Affairs, CN 806, Trenton, NJ 08625.~~

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