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General

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~~Hills Dev Corp - General~~

- Outline of the State's Brief and copy of Housing and Mortgage Finance Agency and the Department of Community Affairs for their Fair Housing Act Programs.

Forwarded to SC Clerk (Cover Letter)

pg. 55

note: Pamphlet included but not page count

Some double-sided pages

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Statẽ of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY

DIVISION OF LAW

BANKING, INSURANCE AND PUBLIC SECURITIES SECTION

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December 11, 1985

Stephen W. Townsend, Clerk
Supreme Court of New Jersey
Justice Complex
CN 970
Trenton, NJ 08625

- Re: A-122 The Hills Development Co. v. Tp. of Bernards (#24,780)
 A-123 Helen Motzenbecker v. Bernardsville (#24,781)
 A-124 Urban League v. Carteret (Cranbury) (#24,782)
 A-125 Morris Co. Fair Housing Council v. Boonton
(Denville) (#24,783)
 A-126 Real Estate Equities, Inc. v. Holmdel (#24,784)
 A-127 Urban League of New Brunswick v. Carteret
(Monroe) (#24,785)
 A-128 Morris Co. Fair Housing Council v. Boonton
(Randolph) (#24,786)
 A-129 Urban League of New Brunswick v. Carteret
(So. Plainfield) (#24,788)
 A-130 AMG Realty Co. v. Facey v. Warren Tp. (#24,789)
 A-131 Urban League v. Carteret (Piscataway) (#24,787)
 A-132 Rivell v. Tewksbury (#24,790)
 A-133 J. W. Field Company, Inc. v. Tp. of Franklin (#24,799)

Dear Mr. Townsend:

Enclosed please find nine copies of the State's brief in the above-captioned cases. We are also including, for the information of the Court, nine copies of the application packages prepared by the Housing and Mortgage Finance Agency and the Department of Community Affairs for their Fair Housing Act Programs.

By copy of this letter, copies of the brief and enclosed documents are being transmitted to the parties on the Court's service list.

Very truly yours,

IRWIN I. KIMMELMAN
Attorney General of New Jersey

By Deborah T. Poritz
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/fc
Encl.

COURT'S LIST OF ISSUES TO BE ADDRESSED
CROSS-INDEXED TO THE ATTORNEY GENERAL'S BRIEF

ISSUES TO BE ADDRESSED

CITATION

1. All parties in the initial exchange of briefs should address:
 - a. the meaning of "manifest injustice" including what factors should be considered in determining what is manifest injustice. If delay in the implementation of the Act (i.e., in the construction of housing) or any similar factor is listed, counsel should present, in support of the position taken, an analysis of the time it would take to afford relief pursuant to the Act. Point I
 - i) Assuming that a balancing test is advocated, what relative weight should be given to each factor?
 - ii) What is proper scope of review by an appellate court of the trial court's determination of the manifest Injustice issue?
 - b. Does the builders' remedy moratorium apply to a municipality if a motion to transfer to the Housing Council is denied and either all appeals have been exhausted or no appeals have been taken? Point III
 - c. The Act provides for different treatment of transfer applications depending upon whether the party making application commenced suit 60 days or more before the adoption of the Act. How should applications be treated in an action when made by more than one party, one of whom filed a complaint 60 days or more before the effective date of the Act and one of whom did not? Point I;
Point II(D)
(4)(c)
2. Any builder or any other party who intends to argue that the Act is invalid in whole or part shall notify adversaries in the case immediately by phone that such position will be taken in the brief. In case of such notice, the parties on both sides in that case shall brief the invalidity issues on the initial exchange of briefs, including any claims of:
 - a) facial invalidity of the entire statute; Point II,
(A)(B),
and (C)
 - b) invalidity of any part of the Act, considering it both on its face and as it might be applied, including the following parts:
 - 1) moratorium on builders' remedies; Point III

CITATION

- 2) alleged conflict between mandatory consideration by the Council on Affordable Housing and the constitutional power of courts to dispense with exhaustion requirements in matters in lieu of prerogative writs; Point I
 - 3) definition of region; Point II(D)(2)(b) and (i)
 - 4) credits against fair share; Point II(D)(2)(b) (iii) and (a)
 - 5) alleged delay in enforcement of constitutional obligation; Point II(D)(4) (c) ^{L TT, ^ W *} (i)
 - 6) requirement, in determining prospective need, that consideration be given to approvals of development applications, real property transfers, and economic projections prepared by State Planning Commission; Point II(D)(2) (b)(ii) and
 - 7) effect of settlement set forth in §22 of the Act; Point II(D)(3)(f) and
- c) severability. Point II(D)(7)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

AFFORDABLE HOUSING PROGRAM

APPLICATION INSTRUCTIONS

3625 Quakerbridge Road
CN 18550
Trenton, NJ 08650-2085
(609) 890-8900

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APPLICATION INSTRUCTIONS

The NJHMFA Affordable Housing Program has been established in response to the enactment of the Fair Housing Act of 1985 (P.L. 1985, c.222) to help communities meet their obligation to develop housing for low- and moderate-income families. On November 13, 1985 the Agency Members approved the final program guidelines and authorized the initiation of a first round application period for Agency financing and Fair Housing Act funds*.

ASSISTANCE AVAILABLE

The Agency is offering a variety of forms of assistance under the program, as follows:

- 1) Permanent mortgage loans for the purchase of owner-occupied housing;
- 2) Construction and/or permanent loans for multifamily rental housing;
- 3) Fair Housing Act Appropriation Funds - to make housing programs (owner or rental) more affordable - a total of \$5,000,000 is available in the first "round" of applications.

Applications may take a variety of forms and include projects with both rental units and units for purchase. Applications may be for mortgage financing alone or in combination with funds appropriated from the Fair Housing Act ("Appropriation Funds"). Similarly, applications will be accepted for Appropriation Funds which do not rely on the Agency's financing of a mortgage loan(s) for the proposed housing.

APPLICATION DEADLINE

All applications must be received by the Agency by 5:00 p.m. January 31, 1986.

Applications should be mailed or hand delivered to:

New Jersey Housing & Mortgage Finance Agency
3625 Quakerbridge Road
CN-18550
Trenton, NJ 08650-2085

Attention: Susan Kimball,
Program Administrator

SUBMISSION REQUIREMENTS

All applications must be submitted by the municipality, acting on its own behalf or on behalf of a designated housing sponsor, housing authority, developer, nonprofit group or private individual.

* See Program Guidelines pp. 6,7.

A complete application will consist of the following:

1. Completed Application Form.
2. Completed Schedule "A" and/or "B" depending upon the kind of assistance requested (owner-occupied or rental housing).
3. Completed Certification and Questionnaires (both corporate and personal) for any designated members of the "development team."
4. Two sets of site plans (and architectural drawings if they are completed) showing the housing development as a whole and the portion (if applicable) for which assistance is requested.
5. A resolution of the Governing Body supporting the application and indicating the proposed timetable for carrying out the program.
6. A letter of transmittal from the municipality's Chief Executive Officer or designated representative. If the proposal is the result of a court settlement, a summary of the settlement agreement should accompany the application and, if available, a copy of the agreement should be submitted.

TYPES OF PROJECTS

Home-Purchase Mortgage Loans

The Agency will make funds available for mortgage loans to prospective home-buyers on a project-specific basis. These funds are for permanent mortgages which will be made to eligible households meeting the underwriting criteria of the lending institution participating in the program.

Applicants desiring to set up a housing program for home purchase mortgage loans will:

- Designate a project and housing sponsor/developer to undertake the housing construction.
- Work with the sponsor/developer to establish sales prices for the low- and moderate-income units consistent with the Affordable Housing Program criteria.
- Work with the sponsor/developer to establish a fair housing marketing strategy.

The housing sponsor/developer will:

- Arrange for project design and obtain all necessary local and/or state approvals. Virtually any housing type or style is permitted.
- Arrange for construction financing from a private lending institution.
- Receive a funding reservation from HMFA for permanent loans for prospective purchasers of the units. This commitment is issued in conjunction with a participating lending institution which will actually be originating the loan at the HMFA rate.

- Undertake the construction according to an HMFA approved timetable.
- The degree to which any of these activities has already been undertaken will determine the "stage of readiness" of the application and the ability of the Agency to reserve funds.

When the housing units are nearing completion or are ready for occupancy:

- Prospective home-buyers meeting the AHP eligibility criteria will apply to the participating lending institution for mortgage loans. A complete loan package is sent by the lender to HMFA for review and approval. A successful marketing strategy (including a sales price allowing a range of income eligible buyers to apply) and a pre-screening process can help speed the mortgage loan approval process considerably.
- A closing is held just as in any home purchase transaction with funds advanced by the lending institution but at the HMFA interest rate. Subsequently, the HMFA purchases the loan from the lending institution.

Homebuyer eligibility will depend upon the following criteria:

- Maximum household income pro-rated by family size:
 low income: 0 to 50% of median income
 moderate income: above 50% but less than 80% of median income
- Home-buyers may not own other residential property at the time of loan closing nor have owned another home within the past three years (unless buying in an Urban Target Area).
- May not have obtained a prior MFA or HMFA loan under previous Mortgage Programs (unless buying in an Urban Target Area).
- Must have an acceptable credit rating and meet the underwriting criteria of the lending institution and the HMFA.

All homes assisted with funds under the Affordable Housing Program will be restricted as to their resale price in accordance with the Fair Housing Act of 1985. Please see Section VII of the program guidelines dated November 13, 1985. Applicants and housing sponsors should also be aware that the Agency may impose additional requirements in approving an application for mortgage financing since the loan proceeds are derived from the sale of tax-exempt bonds.

Rental Housing Developments

Applicants are encouraged to provide for rental housing in their affordable housing programs. A rental housing project may be part of a larger housing development (for example, in a planned unit development) and indeed, certain economies of scale may be achieved by planning the housing as part of a larger development containing "market rate" units.

The HMFA **is able to** provide construction and/or permanent mortgage loan financing to sponsors or developers of rental housing at a favorable rate for a fixed term of 30 years (or longer in certain instances).

The HMFA will evaluate proposals for rental housing for consistency with AHP guidelines and criteria as well as consistency with state statutes and federal I.R.S. requirements since the financing for such housing is derived from the sale of tax-exempt bonds. Applicants or housing sponsors should be aware that they are responsible for compliance with all applicable state and federal regulations or statutes; the following minimum criteria and/or restrictions govern our evaluation of a proposal:

- A "Resolution of Need" must be adopted by the municipality's governing body (contact the Agency to determine if there already may be a valid resolution on file).
- A minimum of 23% of the units within the project must be affordable by tenants in the low-and moderate-income categories.
- Loans to nonprofit sponsors may cover 100% of the total development cost, while loans to all other parties cannot exceed 90% of the project's cost. Greater equity contributions from profit-motivated housing sponsors (more than 10%) may be necessary in order to achieve financial feasibility.
- The owner's return on investment (the equity contribution) is restricted under Agency regulations - but is set consistent with comparable investments.
- HMFA underwriting includes reviewing the proposed development and application for site suitability, marketability, environmental clearances, code compliance, affirmative marketing, developer and development team housing experience, financial feasibility and potential for credit enhancement.
- Any housing style is considered acceptable (garden apartments, townhouses, etc.), however, the HMFA will review building plans to be sure that the design and site layout is consistent with sound planning practices.

FAIR HOUSING ACT APPROPRIATION FUNDS

Of the funds appropriated in the Act to enable the Agency to make loans or grants (over and above financing capabilities of the Agency) to make housing more affordable, the Agency is making \$5,000,000 of the Appropriation Funds available for the first round of applications.

Applications for these funds need not rely upon HMFA financing of the proposed housing, but applicants should be aware that the stated income limits and resale restrictions will apply if an award of funding is made.

Most, if not all, funding will be made in the form of a loan which would be repaid in the event that the unit is "lost" as a "Mount Laurel" unit.

The funds may be used as a capital writedown of development costs including land acquisition - either for rental or owner-occupied housing; as a subsidy fund for rental housing or for closing cost assistance to aid low and moderate income households purchase homes.

While there is no absolute limitation on the amount of funding per project, the Agency is expecting to limit the appropriation funds to a targeted average of \$7,000 per assisted unit. A higher average will be permitted for units containing three or four bedrooms since these units will cost considerably more to construct. Please note that appropriation funds are only available for units which will be occupied by low-or moderate-income households.

HOUSEHOLD SIZE ADJUSTMENTS

In determining the affordability of units in a purchase or a rental project the Agency will utilize the regional median incomes published by the United States Department of Housing and Urban Development.

In the case of rental housing, rents will be set consistent with the income requirements of the project, and adjusted based upon the below listed criteria. The rents will not be adjusted at the time of occupancy due to the occupant household's actual income or family size.

In the case of housing units for sale, the sales prices should be reflective of a broad range of affordability (as opposed to targeting the price at exactly that which is affordable by a household earning exactly 80% of median income) and it should be reflective of the household sizes *per* bedroom mix listed in the chart below. The prospective purchaser will have to be within the targeted income limits, but also able to "afford" to carry the mortgage after the requisite down-payment.

I. Household Eligibility

To occupy a "low-income" unit, the total household income may not exceed 50% of the median income for the area, adjusted for family size.

To occupy a "moderate-income" unit, the total household income may be above 50% of median but shall not exceed 80% of the area's median income, adjusted for family size.

N. Affordability by Household Size and Bedroom Mix

Efficiency units must be affordable by 1 person households.

One bedroom units must be affordable by 2 person households.

Two bedroom units must be affordable by 3 person households.

Three bedroom units must be affordable by 5 person households.

Four bedroom units must be affordable by 7 person households.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORMS

While the municipality is designated as the applicant in this program, it is recognized that the housing sponsor will be involved in the process. The municipality may consult the housing sponsor in developing the figures requested in the application. In fact, some municipalities may want to consult with several possible housing sponsors in order to obtain the best proposal for the town and prospective homebuyers or tenants.

If any questions arise in filling out the application, the housing sponsor or municipality may feel free to contact HMFA.

Application for Assistance Pursuant to the Fair Housing Act (P.L. 1985 c.222)

I. GENERAL INFORMATION

In the space provided please indicate the information requested. If any item requested is "unknown" please indicate such. Please note that certification and questionnaires will be required to be filled out by some of the individuals named in this section. If a governmental or nonprofit agency has been authorized to administer the housing program, screen eligible purchasers or tenants, or administer resale controls, please so indicate in block I.C.(I).

II. HOUSING PROGRAM

A. Indicate the name of project.

B. Type of Housing - List the total number of units in your program in each category. (Please note that a single housing development may include both purchase and rental housing units.)

If the proposal incorporates lease-purchase or purchase-rehabilitation please indicate the number of such units separately under the "Units for Purchase" column, and use the designation "LP" or "PR" for such units. If the project has purchase units in addition to lease-purchase or purchase-rehabilitation, please make sure that the number of such units are included under the "Units for Purchase" column.

Please Note: In projects which will include purchase housing, permanent mortgages can be made available for the greater of 25 units or 50% of the total. A rental project (even if it is contained within a large housing development) can receive mortgage financing to cover the cost of constructing (or rehabilitating) all of the units.

SITE INFORMATION

Fill in the site information requested in this section. Indicate whether utilities are available; if they need to be extended to make the site ready for development, please indicate the distance. Also, indicate whether the utilities will be publicly or privately owned. Also indicate information regarding zoning and site plan approvals.

Information Regarding Proposed Building(s)

Indicate by checkmark the type(s) of building(s) to be included in your project. (More than one style can be used in a development). Also indicate the number of stories, buildings or units as appropriate.

III. FORM OF ASSISTANCE

Please indicate the form of assistance being requested, the number of units to be assisted and how such assistance will broaden the range of affordability of such units.

IV. FINANCIAL INFORMATION

Fill in the appropriate median income in your county for a four person family in the space provided. (This information is provided on the chart entitled Median Income by County.)

A. HOME-OWNERSHIP PROPOSALS

1. Development Costs - Please list requested development costs.
2. Sales Prices - Please note: It is recommended that Schedule "A" be completed before filling out this section of the application. (See page 9 for instructions.)

Fill in the number of units, square footage of the units, number of bedrooms, and sales price in the appropriate columns. If appropriation funds are being requested to lower the sales price of the units, indicate in column 4(b) what the sales price of a unit would be with the subsidy requested.

If conventional financing is being used contact the lending institution providing the financing to determine its rate, term and debt service factor in order to calculate the monthly mortgage payment. Provide the monthly carrying charges (principal, interest plus estimated taxes and insurance - P.I.T.I.) in column 4(c) for the unit and indicate at what interest rate it was calculated. (Please note that if a condominium fee is levied, this should also be included in the monthly carrying charges.)

In column (4)(d) indicate the affordability range of the carrying charges shown in (4)(c). (See instructions for Schedule "A" below for calculation of affordability range.)

If requesting HMFA financing, you should still provide in columns 4(c) and (d), the monthly payments, interest rate and affordability range at conventional interest rates. Then in columns 4(e) and (f) indicate the monthly payments, interest rate and affordability range using the HMFA interest rate. (See instructions for Schedule "A" below for calculation of affordability range.)

- B. RENTAL HOUSING PROPOSALS - If the applicant is seeking a firm commitment and funds reservation, the application must include a completed Schedule "B". Although it is not required for a conditional commitment, applicants may find it useful to fill out Schedule "B" to help identify all of the projected expenses.

1. **Development Costs:** Please indicate development costs requested. If Appropriation Funds are being requested to lower development costs, please indicate on the line labeled "subsidy" the amount that these costs will be reduced.
2. **Operating Costs:** List the annual operating costs of the project in the spaces provided. Then in the chart immediately following, with columns numbered (1) through (8), list the necessary information to calculate the total rental income which is anticipated when the project is ready for occupancy. The rental chart should be completed for all of the units in the project including the "market" units.

Columns (1), (2), and (3): Indicate the number of units with the same square footage and number of bedrooms having the same monthly rent (e.g. 10 units, each having 800 sq. ft. and 2 bedrooms or 25 units, each having 850 sq. ft. and 3 bedrooms).

Column (4): Indicate the number of persons which can occupy the unit (by bedroom distribution) according to the chart on page 5 of these instructions.

Column (5): Indicate the monthly rent which will be charged for the unit.

Column (6): Multiply column (1) by column (5) to obtain the total monthly rent for all like units.

Column (7): If the rent includes all utilities, this column should be left blank. If any utilities will be separately metered and billed individually to the tenants, the estimated expense should be listed in this space. Rent plus utilities may not be greater than 30% of the gross income of the household size listed in column (4).

Column (8): All rental units which are to be counted toward the municipality's "fair share" obligation must be affordable to low and/or moderate income tenants. Calculate the "range of affordability" in the following manner:

1. Add the monthly rent and utilities (columns (6) and (7)) to obtain the total housing expense.
2. Multiply the total housing expense by 12 (resulting in annual housing expenses). Divide the result by .3 to determine the income necessary by the tenant and insert the income in the final column. Divide the income by the median income for the county in which the project is located for the range of affordability. Show your answer as a percentage (e.g. $\$19,457 \div \$29,700 = .6551 = 65\%$; this means that someone earning 65% of median income should be able to afford to rent the unit).

V. SUPPLEMENTAL INFORMATION

Please answer each question to the extent possible. All applicants are advised that if the information supplied is modified subsequent to filing the application, applicants must advise the Agency accordingly.

Schedule A - Ownership Housing Affordability Analysis

A completed example of this chart is provided for your convenience. If you have any questions about the preparation of this schedule, please feel free to call the Agency.

<u>Example</u>						
(1)	(2)	(3)	(4)		C5)	
# BR	# Units	Projected Sales Price	Min. Down-pay.		Mortgage Amt.	
			(a) %	(b) \$		
<u>2</u>	<u>10</u>	<u>\$35,000</u>	<u>5%</u>	<u>\$1,750</u>	<u>\$33,250</u>	
(6)	(7)	(8)	(9)	C10)	(11)	(12)
Monthly Mtg. Pay.	Estimated Taxes and Insur.	Total P. I. T. I.	Nee. Income	No. Persons Per Hshld.	Median Income for Hshld. Size	Range of- Afford.
<u>\$319</u>	<u>\$135</u>	<u>\$454</u>	<u>\$19,457</u>	<u>3</u>	<u>\$29,700</u>	<u>65%</u>

Column (1) Indicate the number of bedrooms for each given variety of unit (i.e. 2 bedroom units or 3 bedroom units).

Column (2) Indicate the total number of units containing the indicated number of bedrooms. If unit size varies even though the number of bedrooms per unit is the same, show them on different lines and indicate how many units are provided for each category.

Column (3) Indicate the projected sales price of the unit type. The projected sales price should be the actual price of the home after any subsidies have been applied.

Column (4) Insert the down-payment amount. The minimum down-payment is 5% but applicants should be aware that not every unit within a project can be financed at a 95% loan ratio due to underwriting requirements of the mortgage insurance companies. Therefore, some units will necessitate a greater down-payment, as high as 10%. Indicate in column 4(a) what percentage of the sales price is required and in column 4(b), what amount of money that represents.

Column (5) Insert the mortgage amount. To calculate the mortgage amount, subtract column 4(b) from column 3.

$$\begin{array}{r} \text{Example } \$35,000 \\ - \quad 1,750 \\ \hline \$33,250 \end{array}$$

Column (6) Calculate the monthly mortgage payment based upon the type of financing being utilized. If conventional financing is going to be required when the units are sold, contact a local lender to determine rates and terms. Using their monthly "debt service factor" calculate the required payment based upon the mortgage amount in column 5, not based on the sales price.

If HMFA financing is being requested, calculate the monthly mortgage payment by multiplying \$9.59 for each \$1,000 of mortgage amount.

$$\begin{array}{l} \text{Example: } \$33,250 \text{ (mortgage amount)} \\ \text{Per } \$1,000 = 33.25 \\ 33.25 \times \$9.59 = \$318.86 \text{ round to } \underline{\$319} \end{array}$$

Therefore, \$319 would be in column (6). Please note that the monthly mortgage payment includes principal, interest and the private mortgage insurance premium.

Column (7) Calculate estimated taxes for the property by multiplying the municipal tax rate by sales price (per \$100 or per \$1,000 as applicable).

Calculate the estimated property insurance by using the chart below.

\$30,000 - \$40,000	- \$10.00 per month
\$40,000 - \$60,000	- \$15.00 per month
\$60,000 - \$100,000	- \$25.00 per month

Add the monthly taxes and insurance and insert the sum in column (7).

Column (8) Calculate total principal, interest, taxes and insurance (P.I.T.I.) by adding columns (6) and (7) together.

Column (9) Calculate the necessary income by multiplying column (8) by 12 (months), divide that figure by .28; the result is the necessary income assuming that 28% of **gross** income is devoted to housing costs.

$$\text{Example: } \$454 \times 12 = \$5,448 \div .28 = \$19,457$$

Column (10) See the chart on page 5, affordability by household size and bedroom mix, and insert the appropriate number.

Column (11) See the chart entitled Median Income by County and enter the income for the correct household size.

Column (12) Calculate range of affordability by dividing column (9) by column (11).

$$\text{Example: } \$19,457 \div \$29,700 = .6551 \text{ or } \underline{65\%}$$

Therefore 5% would be inserted in column (12). This means that prospective homebuyers having a gross family income of at least 65% of median will be able to afford to purchase the unit after the requisite down-payment listed in column (4). List your answer for each unit type in column (12).

Schedule B - Rental Housing Financial Feasibility Analysis

The Rental Housing Financial Feasibility Analysis (Schedule "B") should be completed by all applicants seeking a firm commitment and funds reservation for the development of rental housing. The proposal should be sufficiently developed so that the Agency can make a reasonable determination that the project is feasible. Project feasibility in this context means:

1. That all of the costs associated with constructing (or rehabilitating) the project have been identified and found reasonable.
2. That an accurate estimation has been made of the costs associated with operating the project, especially in connection with projected utility expenses.
3. That the income generated by the project will be sufficient to carry all of the expenses and will:
 - a) be at a rental rate wherein at least 23% of the units are affordable by low-and moderate-income tenants using a standard that the rent will not exceed 30% of income;
 - b) be at rates which will be marketable (for the "market rate" units).

Please fill out the requested information in sections I and II regarding the anticipated costs and expenses of the project. Debt Service expenses should be based upon prevailing interest rates if conventional financing is sought or 10.5% (30 year term) if HMFA financing is requested. Applicants should be aware that the HMFA rate will vary with market conditions until bonds are actually sold to finance the project.

Section III requests certain information regarding the utility arrangements for the project. Since the rents for low and moderate income units are restricted to 30% of income - including utility costs - it is important to distinguish the rent from any additional carrying charges. If any utility costs are outside the rent to be charged, they should be estimated on a unit/month basis and listed in column (4).

Column (1) Indicate the unit type. This listing may be modified by the applicant as necessary (e.g. if there are two styles of 1 bedroom, units at different rents - then show the two kinds of units separately).

Column (2) Show the number of persons permitted to occupy the unit based upon the chart shown on page 5 of these instructions.

Column (3) Indicate the number of units in each bedroom distribution category.

Column (4) Show the monthly rent to be charged. The rent for all units in the project should be included - not just the low/moderate rents.

Column (5) Show estimated utility costs if any services will be separately **metered (and therefore** not already included in the rent).

Column (6) Multiply the figures in column (3) by those in column (4) and then multiply by 12 months for annual rent.

Column (7) Add the monthly rent from column (4) and the utilities from column (5) then multiply the result by 12 months and divide by .3. This will show **the** minimum income necessary for that household to occupy the unit. Divide that income by the median income for the county in which the project is located for the range of affordability to be inserted in column (7).

Indicate the annual rent and all of the project's other income together to obtain the Total Annual Income. Please note that total project income must at least equal Total Annual Expenses. If not, and an operating deficit results, the applicant must demonstrate a method of supplying an income stream to meet the expenses. This may be in the form of a municipal fund, a request for Fair Housing Act Appropriation Funds or a contribution from the housing sponsor.

Certification and Questionnaire Forms

Questionnaires should be submitted by all members of the "development team" including the sponsoring group, contractor, attorney, architect, managing agent, etc. and including a co-insurer if any. To the extent that such member is a partnership, questionnaires must be submitted for all general partners and any limited partners with more than a 10% interest. To the extent that such member or general or limited partner is a corporation, a questionnaire must be submitted for the corporation (using the Corp., Partnership, Sole Proprietorship form) as well as personal questionnaires for all officers, directors and stockholders with more than a 10% interest. To the extent that the corporation is a wholly owned subsidiary, the Agency requires a questionnaire for the parent company.

Questionnaires should be submitted for all subcontractors with contracts in excess of \$25,000.00 (a "Corp. Partnership; Sole Proprietorship" form for the firm and a "Personal" form for the officers, directors or stockholders with more than 10% **interest**). Police checks may be required on subcontractors, if deemed necessary by the Agency.

The only **exceptions to the above** policy are as follows:

1. Publicly held Corporations

If a corporation is publicly owned, the Agency will accept a "modified" form of questionnaire accompanied by the most current SEC Form 10K as supplemented by the most recent SEC Form 10Q. The **applicant will not be required to answer** any question which is fully **answered and in an acceptable form** within the SEC Reports. The modified **questionnaire shall include** a certification from the applicant as to the officers and employees who will have significant involvement or responsibility with any aspect of the Project. These officers and employees will be required to submit personal questionnaires. (Police checks will be ordered on all such officers and employees). Contact the Agency if this section applies to any member of the development team.

2. Limited Partners

Corporate limited partners will be required to submit a questionnaire and a certification from the applicant as to the principals who will have significant involvement or responsibility with any aspect of the project. Personal questionnaires will be required for all such principals. With regard to partnerships within the limited partner, a questionnaire will be required. Personal questionnaires will be required for all general partners. (Police checks may be required).

3. Co-Insurers*

Corporate co-insurers will be required to submit a questionnaire and a certification from the applicant as to the principals who will have significant involvement or responsibility with any aspect of the project. Personal questionnaires will be obtained on all such principals. With regard to co-insurers organized as a partnership, a questionnaire will be required as well as personal questionnaires for the general partners. (Police checks may be required).

Police Checks

Checks will be ordered on all members of the development team and all general and limited partners except as modified above.

The Agency reserves the right to modify requirements regarding questionnaires and/or police checks on a case by case basis.

All programs are subject to the requirements imposed upon the Agency with respect to its source of financing (ex. tax exempt or other bonds, appropriations, etc.) Programs may also be subject to the requirements of the Agency's enabling law (55 N.J.S.A. 14K-1 et seq.), the Fair Housing Act, HMFA and/or Council on Affordable Housing rules, regulations, guidelines, policies and procedures,, all as may be amended from time to time. Furthermore, regulatory, financing, deed restriction and other agreements may be required, as is applicable.

* A "Co-insurer" is a HUD-approved lending or financing institution providing mortgage insurance for multifamily rental housing.

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NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
AFFORDABLE HOUSING
PROGRAM

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November 13, 1985

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

AFFORDABLE HOUSING

PROGRAM

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NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

AFFORDABLE HOUSING
"PROGRAM"

SECTION I

INTRODUCTION

The New Jersey Housing & Mortgage Finance Agency (NJHMFA) was created in 1984 by the merger of the Housing Finance Agency and the Mortgage Finance Agency, in order to provide "a strong, unified advocate for housing production, finance and improvement..." To that end, it was given new powers which will be utilized to assist in the production of affordable housing.

The Agency combines almost 20 years of housing experience of both Agencies making it the principal source of affordable financing for moderate income homebuyers and renters *in* New Jersey. The HMFA's achievements include:

- ° financing, production and oversight of more than 33,000 units of rental housing in 18 counties throughout the state.
- ° financing of over 40,000 home purchases and home improvement loans in all 21 counties throughout the state.
- ° financing for life-safety improvement loans for boarding houses totalling \$5,500,000.
- ° an active commitment to the state's urban areas, through reservation of funds for Target Areas, and development of special projects to encourage urban reinvestment.
- ° working relationships with the state's municipalities, builders, developers and lenders.

SECTION II

PURPOSE AND OBJECTIVES

A. Authority

The NJHMFA is given additional responsibilities under the Fair Housing Act (P.L. 1985, c.222) to assist municipalities in the achievement of low- and moderate-income housing goals.

B. Summary of the Fair Housing Act

Among its findings in the Act, the Legislature declared that, "The interest of all citizens, including low- and moderate-income families in need of affordable housing, would be best served by a comprehensive planning and implementation response" to the constitutional obligation of every municipality in growth areas to "provide through its land use regulations: a realistic opportunity for a fair share of its region's present and prospective needs for housing for low- and moderate-income families."

The legislation creates a planning mechanism with the establishment of the Council on Affordable Housing, and appropriates funds to support the implementation of affordable housing programs. While pursuing the planning process through the Council or litigating outstanding zoning suits, a municipality can also submit applications for affordable housing programs to the HMFA to further its housing goals.

Role of the Council on Affordable Housing

The Council, established in, but not of, the Department of Community Affairs, will consist of nine members appointed by the Governor with the advice and consent of the Senate. The Executive Director of the HMFA serves, ex-officio, as a voting member of the Council. In brief, the Council is charged with the following duties:

- 1) Determining housing regions of the state.
- 2) Estimating the present and prospective need for low- and moderate-income housing at the state and regional level.
- 3) Adopting guidelines and criteria for:
 - (a) municipal determination of its present and prospective housing needs;
 - (b) municipal adjustment of the present and prospective fair share based upon available vacant and developable land, infrastructure considerations or environmental or historic preservation factors; and
 - (c) phasing of present and prospective fair share housing requirements.
- 4) Providing population and household projections for the state and housing regions.

- 5) Certifying housing elements prepared by municipalities which provide a reasonable approach to the provision of their low-and moderate-income housing needs.

Municipal Housing Plans

A municipality may trigger the administrative mechanism contained in the Fair Housing Act by filing a resolution of participation with the Council and submitting a housing element and fair share plan.

The Council is empowered to grant substantive certification of housing elements which meet specified criteria and guidelines. A presumption of validity attaches to a municipality's housing element where substantive certification is granted. Consult the Fair Housing Act (P.L. 1985 c. 222) for specific requirements as they may affect principal governments.

The Agency's Affordable Housing Program

Under the Act, the Agency is charged with establishing "affordable housing programs to assist municipalities in meeting the obligation of developing communities to provide low-and moderate-income housing." The Agency is specifically authorized to award assistance to programs in municipalities whose housing elements have received substantive certification from the Council (or which have been subject to a builder's remedy or which further an approved regional contribution agreement). However, in recognition that the Council will not immediately be operational and will take time to *prepare* the necessary guidelines, review and approve housing plans, the Agency is authorized to give assistance to programs located in communities which have not yet received substantive certification of their housing elements.

The general types of assistance to be provided are:

- 1) Permanent mortgage loans for the purchase of owner-occupied housing;
- 2) Construction and/or permanent loans for multifamily rental housing;
- 3) Grants or loans to make either the home purchases or multifamily rental housing more affordable.
- 4) The new NJHMFA Affordable Housing Corporation recently established by the Agency can, on a demonstration basis, undertake housing development as a developer on behalf of municipalities.

Additional administrative responsibilities given to the Agency by the Fair Housing Act are:

- 1) Establishing procedures and guidelines governing the qualifications of applicants, application procedures and criteria for awarding grants and loans for affordable housing and standards for establishing the amount, terms and conditions of each grant or loan.

- 2) Providing advisory, consultation, housing and educational services to assist in the planning, construction, rehabilitation and operation of housing.
- 3) Encouraging research in and demonstration projects to develop better techniques for increasing the supply, types and financing of housing.
- 4) In consultation with the Council, establishing requirements and controls to insure that housing assisted under the Act will continue to be affordable to low-and moderate-income households.
- 5) Administering resale controls and rental limits in municipalities where no appropriate agency exists, and the municipality requests such assistance.
- 6) Reviewing proposed Regional Contribution Agreements for feasibility, and evaluating progress reports filed in connection with executed agreements.
- 7) Reporting to the Governor and the Legislature on the effects of the Act in promoting low-and moderate-income housing.

The Role of the Department of Community Affairs

The Fair Housing Act provides an appropriation of \$2,000,000 plus an estimated \$8,000,000 annually from an increase in the real estate transfer tax dedicated to the Department of Community Affairs' (DCA) Neighborhood Preservation Fund. DCA's Neighborhood Preservation Program will be expanded to provide grants and loans both to municipalities which are required to provide their fair share of low-and moderate-income housing, as well as to "receiving municipalities" where a regional contribution agreement is approved. The Neighborhood Preservation Fund may be applied to such purposes as:

- 1) rehabilitation of substandard units, construction of new units or conversion of nonresidential units, for low-and moderate-income households;
- 2) costs of studies, plans, architectural, engineering and other technical services; costs of land or property acquisition; demolition, infrastructure projects, and other activities related to the creation of low-and moderate-income housing units.

Assistance from DCA may also be provided from its Housing Demonstration Program which provides technical assistance, grants and loans for innovative housing projects.

The Agency and DCA will coordinate their response to applications from municipalities so the applicants can be assured of "one-stop shopping" as well as effective delivery of state assistance.

C. Assistance Available from NJHMFA for Affordable Housing Programs

The Agency **will** allocate at least 25% of its mortgage revenue bond authority for use in conjunction with housing constructed or rehabilitated with assistance under the Fair Housing Act. The Agency will make available immediately at least \$20 million for below market rate mortgages for home purchasers. As the need for additional capital is evidenced, the Agency will issue bonds to raise the needed capital.

The Agency will also make financing available for the construction or rehabilitation of multifamily rental housing. Thus, this additional resource is made available to communities and/or housing sponsors wishing to participate in the Affordable Housing Program.

The Act provides an appropriation of \$15,000,000 to be used by the Agency to provide assistance in the form of grants or loans for affordable housing programs. The Agency will seek a balance between rental and owner-occupied housing. In general, awards will not exceed an average of \$7,000 per assisted unit except where a housing proposal provides for larger units (3 or 4 bedrooms) in which case a larger amount of funding may be allocated.

Affordable housing programs which may be financed or assisted under the Agency may include, but are not limited to:

- 1) Assistance for home purchase and improvement including interest rate assistance, down payment and closing cost assistance, and direct grants for principal reduction;
- 2) Rental programs including loans or grants for developments containing low-and moderate-income housing, moderate rehabilitation of existing rental housing, congregate care and retirement facilities;
- 3) Financial assistance for the conversion of nonresidential space to residences;
- 4) Other **assistance**, including grants or loans for infrastructure or **construction loans** to be taken out with permanent financing provided by **the Agency**.

D. Eligible Applicants

Municipalities **are** the only eligible applicant for affordable housing programs. This requirement may be met by support of a proposal by a nonprofit group (including a housing authority), private developer or individual, **or by a program to be** administered directly by the municipality or its instrumentality. The Agency's subsidiary corporation is also an eligible recipient of assistance for affordable housing programs it may undertake at the request of a municipality.

All applications must include a resolution of support from the municipality. The form of an illustrative resolution meeting this requirement is included in the application package.

E. Program Schedule

The Agency intends to make available a portion of the \$15 million appropriated under the Fair Housing Act in an initial round of funding, thereby enabling projects which are in the final stages of readiness to apply for financing immediately. Projects in earlier stages of planning may also apply for preliminary review and conditional commitments at this time. The Agency will build a "pipeline" of applications which can be considered for formal financing and assistance commitments as they reach a stage of readiness for funding.

Round I

In the initial round of applications, the following funding will be available.

- 1) Permanent financing for purchase of single-family (including townhouse and multifamily condominium) dwellings which can be closed by a deadline to be determined. At least \$20 million dollars will be made available with additional funding to be made available to accommodate additional demand for later closing dates.
- 2) Construction and permanent financing for multifamily rental housing developments provided that at least 23% of the units are at rentals affordable by low-and moderate-income tenants.
- 3) Up to \$5,000,000 from the Fair Housing Act appropriation (approximately \$7,000 per unit for assisted units) for any of the various program options listed herein.

It is anticipated that the application period for the first round of funding will begin some time in November, and close by January 31, 1986, with initial first round project selection in early 1986.

The above listed time frame is subject to change should federal tax law changes necessitate a modification thereof. Appropriate notice would be furnished to each municipality.

After projects have been selected for Round I funding, the program will be evaluated and the need for modifications will be assessed. The Agency will consult with the Council on Affordable Housing in this process. Depending on projected demand, the Agency may establish additional competitive rounds, or fund projects with initial approvals as they reach funding readiness (see Section IVB).

All applicants for and recipients of assistance pursuant to this program are advised that all programs are subject to the requirements imposed upon the Agency with respect to its source of financing (ex.: tax exempt or other bonds, appropriations, etc.). Programs may also be subject to the requirements of the Agency's enabling law (55 N.J.S.A. 14K-1 et seq.) the Fair Housing Act, HMFA and/or Council on Affordable Housing rules (SL 02-18, 9U ide JL nes, Policies fnd Procedur es, all as may be amended from agreement 7 ma J, K rthermore, r^ulatory, financing, deed restriction and other agreements may be required, as applicable.

SECTION III

TYPES OF ASSISTANCE

A. Program Overview

To assist developing communities in meeting their obligation to provide low- and moderate-income housing, the Agency can provide financing and/or award assistance to projects which either include a portion of the units as affordable or where all of the units are made affordable to eligible low/moderate income home-buyers or tenants.

The Agency will be responsive to innovative and cost efficient proposals; an affordable housing application may request one or a combination of the types of assistance listed below. In addition, the Agency will give consideration to new ideas and, to the extent permissible under the state statutes, will review and consider all such submissions where financial feasibility is evidenced.

Detailed program requirements are described in Sections IV and V. The listing below is not intended to be a priority listing of program options; rather the Agency is seeking a balance of applications between rental and home-ownership projects - in fact, the Agency encourages applications which contain both types of housing in a single development. Furthermore, the Agency is seeking a balance between housing to serve the elderly and families. Applicants must certify that their applications will fulfill all or a part of their fair share housing obligations.

1) LOWER INTEREST RATE SINGLE-FAMILY MORTGAGE LOANS

The Agency will provide mortgage financing for the purchase of owner-occupied homes by prospective low- and moderate-income home-buyers. The commitments will be made to specific developments through a participating lender for a specified period of time. In addition to developments which combine assisted and market rate units, the Agency will consider proposals involving lease-purchase programs and purchase-rehabilitation programs.

2) MULTIFAMILY RENTAL HOUSING

Applications for construction and/or permanent financing for multifamily rental housing or continuing care retirement communities involving at least five (5) units of housing may be submitted to the Agency for consideration. To qualify for tax exempt bond financing through the NJHMFA, no less than 23% of the units must be occupied by households of low- and moderate-income. The project may involve one of the following:

- (a) acquisition and moderate rehabilitation or repairs;
- (b) acquisition and substantial rehabilitation; or
- (c) new construction.

The Agency will consider financing as a rental project units contained in a larger development of owner-occupied housing.

Procedures governing the financing of housing projects and continuing care retirement communities are available from the Agency upon request and are included in the Agency's "development package".

3) GRANT OR LOAN ASSISTANCE

Funds from the Fair Housing Act appropriation may be used in conjunction with the above program options, or as a separate program to assist low-and moderate-income households. The applicant need not request Agency financing in order to apply for this assistance.

Grants and loans specifically to achieve the low-and moderate-income goals of the Fair Housing Act may be used for any of the following:

- (a) Assistance for home purchase and improvement including interest rate assistance, down-payment and closing cost assistance, and direct grants for principal reduction;
- (b) Rental programs including loans or grants for developments containing low-and moderate-income housing, moderate rehabilitation of existing rental housing, congregate care and retirement facilities;
- (c) Financial assistance for the conversion of nonresidential space to residences;
- (d) Other assistance, including grants or loans for infrastructure or construction loans to be taken out with permanent financing provided by the Agency.

Funds appropriated from this source will be subject to a recapture provision if and when the unit is lost to the low/moderate housing stock.

B. Technical Assistance

For communities planning to apply to the Agency for financing, the HMFA and the Department of Community Affairs will provide technical assistance to municipalities to promote affordable housing programs. The assistance may take the form of site plan or architectural plan review, cost estimation, or general development assistance. Program development ("seed money") funding is also available through the Agency's seed money program in connection with multifamily rental projects which are likely to receive financing from the Agency, or through the DCA's Demonstration Loan and Grant Program.

C. Assistance Provided by Municipalities

The Fair Housing Act enumerates several ways in which a community can provide assistance to affordable housing. This assistance will be considered in the evaluation of proposals.

- 1) Rezoning for densities which will make it economically feasible to include low-and moderate-income housing as part of larger developments.
- 2) Modifying local development regulations to promote "fast track" processing of site plan applications for affordable housing projects; modifications of development standards in such projects lessen the cost of construction and site improvements.
- 3) Planning for infrastructure expansion or rehabilitation if necessary, to assure the community's ability to provide its fair share of low-and moderate-income housing.
- 4) Donating municipally owned land in order to provide the needed housing.
- 5) Providing tax abatement where permitted to enhance the feasibility of housing units.
- 6) Utilization of municipal funds including state or federal funds such as CDBG or Small Cities funds to facilitate the construction of low-and moderate-income housing.
- 7) Improvement of municipal services to low-and moderate-income neighborhoods.

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SECTION IV

POLICIES AND PROCEDURES

A. Eligible Applicants

Eligible applicants include any municipality, acting independently or in conjunction with nonprofit groups or the local housing authority, private developers and/or individuals who wish to sponsor a housing proposal in furtherance of the community's fair share housing obligation. A resolution passed by the local governing body should accompany an application.

Where settlements have been reached with developers, requirements which are inconsistent with this program's policies will not disqualify an applicant from consideration.

B. Types of Financing Commitments

Two commitment stages have been established for the Affordable Housing Program:

- 1) Conditional Commitment - provides the applicant with the Agency's approval of the proposed housing program so that the application may be processed in a "pipeline" of projects which the Agency intends to finance. No funds are set aside for the program, and funding will depend on the availability of funds when the project is ready for firm commitment.
- 2) Firm Commitment & Funds Reservation - provides the applicant with a reservation of funding for the proposal or project in cases where it has been sufficiently demonstrated that the program is feasible and has received all other necessary local (or state) approvals.

It is anticipated that proposals for which applications are received in Round I will be in the final stages of planning. Projects which demonstrate sufficient readiness may proceed directly to the Firm Commitment and Funds Reservation stage upon initial submission of the application. This commitment allocation will provide the sponsor with a firm reservation of a specific amount of funding to carry out their affordable housing program.

All commitments will require sponsors to adhere to firm timetables and Agency staff will be assigned to assist applicants in processing their applications through the "pipeline".

The following section outlines the commitment stages which the Agency will utilize when awarding assistance to successful applicants.

CONDITIONAL COMMITMENT

A Conditional Commitment may be made for a development which has reached a stage of pre-development wherein, site selection or site control, and general site and development plans have been completed. A Conditional Commitment may extend for a maximum of 12 months before either a Firm Commitment and Funds Reservation is issued or the commitment expires, with certain checkpoints to be met during the period.

Requirements for Conditional Commitment

- 1) A Resolution passed by the Governing Body supporting the program or project and the proposed timetable to carry out the program.
- 2) A letter from the Chief Executive Officer (mayor) or designated representative detailing the status of negotiations with a developer(s) or other course of action proposed to be taken by the community to provide the needed housing. (Details provided should include specific references to numbers of units proposed, agreed upon or litigated and the status of any Court actions; if applicable, submit copies of any agreements or settlements.)
- 3) Proposal details should be submitted outlining the project. Proposals should be sufficiently developed so that: the number of units may be identified; site(s) for the project should be selected and the sponsor should either own the site or have an option (purchase agreement) to purchase for a period of 18 months with the right to renew; the kind of assistance desired to make the housing affordable should be identified along with a financial plan which will demonstrate that the housing will be affordable to low-and moderate-income households.
- 4) A timetable.
- 5) To the extent possible, the housing sponsor (nonprofit or limited-dividend group, etc.) or developer should be identified and financial statements, if available, should be submitted.

FIRM COMMITMENT & FUNDS RESERVATION

Firm Commitments will be made for projects which have received all necessary local or state approvals and are essentially ready to begin construction.

Requirements for Firm Commitment & Funds Reservation

- 1) All requirements noted for Conditional Commitments, plus:
- 2) Final site plan and other necessary approvals must be obtained for a project on a site which is controlled or owned by the sponsor; in the case of land owned by the municipality which will be transferred to a sponsor, the municipality may commit by resolution and agreement, to transfer title to the sponsor.

- 3) If the proposal incorporates single-family purchase housing, the source of construction financing should be identified. For Round I, we anticipate requiring that permanent mortgage loans be closed by summer 1986.
- 4) In the case of rental housing proposals, the applicant must show that a construction start is feasible within six months.
- 5) The Agency must be able to make a determination that the project is feasible in general (both programmatically and financially) for low- and moderate-income households and that it takes into account the established fair share for that municipality.

C. Factors for Award

In reviewing proposals for assistance in Round I, the Agency will consider criteria on two levels: project specific factors and general distribution factors.

Project Specific Factors:

- ° Average per unit subsidy requested and distribution between low- and moderate-income housing, including the range of affordability being promoted, proposed occupancy (elderly or family) and bedroom distribution.
- ° Contribution of the municipality in support of the proposed program, including assistance noted in Section III-C.
- ° Feasibility of the proposal in terms of the administrative capacity of the applicant to execute the program and reasonableness of the cost estimate and proposed timetable.
- ° Significance of the application in resolving outstanding litigation.
- ° The time frame for delivery of the housing; proposals which can achieve occupancy in a relatively short time frame are encouraged.
- ° Innovation in design, providing housing for households with special needs (such as handicapped occupants or single-parent households).

General Distribution Factors:

- ° Distribution of programs between rental and purchase housing.
- ° Geographic distribution among regions of the state
- ° Comments by the Council on Affordable Housing, including assessments of relative housing need among regions of the state.

SECTION V

DETAILED PROGRAM REQUIREMENTS AND CRITERIA

In all cases, the Agency will utilize the following criteria to determine the eligibility of low-and moderate-income individuals and/or families.

Low-Income - individuals or families earning less than 50% of the median income for the area as determined by the U.S. Department of Housing and Urban Development.*

Moderate-Income - individuals or families earning between 50% and 80% of the median income for the area as determined by the U.S. Department of Housing and Urban Development.*

In the absence of some compelling reason, the Agency will expect the applicant to distribute assistance for the affordable units so that 50% of the units will be affordable by low-income households and 50% by moderate-income households.

Eligible Units - in order to meet the guidelines of providing affordable housing under the Fair Housing Act, the housing units must at a minimum meet the following criteria:

- 1) The unit must be affordable for purchase or rental by families earning no more than 50% (low-income) and 80% (moderate-income) of median income. Tests for affordability are contained in Sections A and B below. The range of affordability will be a criteria for selection (see Section VI - A1.(3)).
- 2) The rent or resale of the unit must be restricted in accordance with the Fair Housing Act and other Agency requirements so that it will remain affordable to low-and moderate-income households for a minimum of 20 years or as otherwise approved by the Agency.
- 3) The unit must either be a newly created unit or a unit currently substandard which will be rehabilitated as part of this program. The number of units in each category will relate specifically to housing for prospective need versus housing for current needs (substandard units occupied by low/moderate income households).

All applicants will be required to detail a strategy for affirmatively marketing the housing units. Outreach efforts will be expected to target those persons least likely to apply for occupancy. At a minimum, the strategy should achieve a demographic mix which is consistent with the demographics of the area.

* In the absence of up-to-date income projections from HUD, the Agency may elect to promulgate interim projections to be used until the HUD approved income limits are available.

A. LOWER INTEREST RATE SINGLE-FAMILY MORTGAGE LOANS

1. General Requirements

The Agency can make funds available on a project-specific basis to make below-market interest rate loans available to prospective low-and moderate-income home-buyers. During Round I mortgages will be available based upon the terms and conditions listed below. Funds from other bond issues may have different terms or restrictions which will be published at the appropriate time.

On a project basis, funds are available for the greater of 25 units or 50% of the units in any one development, or in any one phase of the development. In addition, mortgage loan financing in condominium developments is subject to a 51% presale requirement.

Mortgage loans in this program may not be used to refinance existing mortgages.

1). Eligible First Time* Homebuyers

- (a) Low-income individuals or families earning no more than 50% of the median *income for the area*.
- (b) Moderate-income individuals or families earning between 50% and 80% of the median income for the area.
- (c) To the extent funds are available, and concentration of financing does not exceed limits established for the development; households with incomes up to 120% of median. (However, these households will not count against municipal housing goals.)

2) Type of Structure

If the proposal contemplates new construction, each home must be a single-family fee simple or condominium unit. Townhouse, clustered units, or multifamily housing are all eligible forms of development. Existing or rehabilitated units may be one to four family structures. Owner-occupancy by the prospective low/moderate income purchaser is required for the life of the mortgage.

3) Maximum Sales Price

Generally, the sales price will be governed by the affordability range of the prospective homebuyers. The loan amount is underwritten based upon 28% of total gross income applied to principal, interest, taxes and insurance and condominium fees, if any.

* Pursuant to federal restrictions imposed on the sale of tax exempt bonds, eligible home purchasers must be "first-time" home-buyers, or have not owned a home within the past three years.

The Agency encourages the widest possible range of affordability to be provided in all applications. It is recommended that for low income units, prices should be affordable by households earning 45% of median; for moderate units, affordability by households at 65-70% of median are encouraged.

Methods to write down the interest rate or cost of construction for the affordable units will have the effect of widening the range of affordability (and therefore broadening the prospective market of eligible families.) Developers will be required to set the sales price of units based on prevailing conventional mortgage rates. This policy is established to provide a wider range of eligible families who can purchase the housing in lieu of a rise in sales prices based on the lower interest rate made available through the Agency's financing. Alternatively, the developer can provide more low/moderate income units than had otherwise been planned.

4) Resale Restrictions

Resale restrictions must be in place for all units' sold to households with incomes below 80% of median under the Affordable Housing Program for a period of at least 20 years. Appropriate restrictions and a method of administering the resale of the units will be required. These restrictions must also take into account restricted yield to the seller based upon home improvements which may be made. See Section VII for further details.

5) Rate and Term

In the first round of funding at least \$20 million dollars will be made available with a mortgage rate of 10.7% or less and a term of 30 years. Additional funding will be made available as needed, at rates and terms to be determined at that time.

6) Down-payment and Discount Fees

From the prospective home-buyer:

A 5% down-payment is required and the eligible purchaser must pay 1 point on the mortgage loan.

From the developer/sponsor:

If an application for mortgage funding reservations receives a conditional commitment, a site review and application analysis fee in the amount of \$1,000 will be required (payable prior to a firm commitment).

The Agency will not draw upon the Act's appropriated funds to cover the expenses associated with bond issuance and fund reservations for specific projects. Therefore, developers will be assessed a fee of 3% (of the mortgage funding requested) for project specific allocations to cover these expenses.

Mortgage insurance will be required on all loans.

7) Lender Participation

Although **the Agency** will reserve funds on a project specific basis, **the actual loan** origination, underwriting and processing will be **undertaken by a** participating mortgage lender. Once the **prospective purchaser has been approved** by the lending institution, **the Agency's approval is obtained**. After the loan closing, the **Agency will purchase the loan** from the lender, in most cases leaving the servicing function with **the bank**.

2. Special Program Options

Purchase -Rehabilitation Mortgage Loans

The Agency can provide below-market rate mortgage loans to include the costs of acquisition and substantial rehabilitation of existing, but substandard housing units. Municipalities seeking assistance to enhance the viability of an ongoing or newly created community development program may find that the reservation of funds on a project specific basis can be a valuable tool to accomplish a rehabilitation effort in conjunction with the provision of low-and moderate-income housing.

Permanent financing for purchase-rehabilitation may be used in conjunction with the Department of Community Affairs Neighborhood Preservation Program (NPP), which **also has special** funds made available to it under the Fair Housing Act.

1) Property Eligibility

(a) **The property must be:**

1. **an existing single-family dwelling or**
2. **a 2 to 4 - unit dwelling which has been occupied as a residence for at least five years immediately preceding the closing date or, if vacant during such period, it was continuously held out for residential use, and not occupied for any portion of such period with a commercial or business use.**

(b) **20 years must have elapsed between the date on which the building was first used and the date on which rehabilitation begins.**

(c) **75 percent or more of the existing external walls of such building must be retained as external walls.**

(d) **The expenditures for the rehabilitation must equal at least 25 percent of the property's value (after improvements).**

2) Sales Price

Sales prices, which shall include the cost of acquisition of the property and the costs of rehabilitation, must be affordable to eligible borrowers earning no more than 50% (in the case of low-income) or 80% of median income (moderate-income).

3) Time Frame for Completion

All rehabilitation work shall be completed and a Certificate of Occupancy, if needed, issued no later than 12 months from the date of the loan closing.

4) Program Administration

Proposals for a purchase-rehabilitation project may incorporate an administrative plan which includes inspection or monitoring procedures performed by the municipality's building or housing inspection staff.

A comprehensive plan for a purchase-rehabilitation loan program can be formulated by selecting an area or neighborhood within the community which contains substandard dwellings. A local agency, or even a nonprofit group, can initiate project development and planning to coordinate the program activities which will be necessary to assure a successful effort. Administrative duties will include determining the scope of work for each dwelling, marketing for eligible purchasers, coordination with the lending institutions for mortgage underwriting, loan commitment processing and loan disbursement *procedures*, property inspections and completion assurance procedures. Participation by lending institutions will be much the same as described in the Lower Interest Rate Mortgage Loan Program (see Section V.A.).

Lease-Purchase Mortgage Programs

Lease-purchase mortgage programs are designed to assist those households which are initially unable to provide a sufficient equity down-payment to purchase the housing unit.

In a prototype demonstration program underway in two locations, tax exempt notes are issued by a local redevelopment agency to finance the construction of the housing units for low-and moderate-income households. The units, when completed, are rented to tenants having an option to purchase the unit after the lease period. A portion of the rental payments made over that period are used as a contribution toward the down-payment requirement. The Agency would reserve funds with which to make the permanent mortgage loan to the eligible households.

These programs are, however, very difficult to *prepare* and administer, for a variety of reasons relating to the tax exempt nature of the notes and the requirements of private mortgage insurers. Among them are two important administrative constraints:

- 1) There may be no actual compulsion of the tenant to buy the unit - and if the unit is not sold, the portion of the rent collected for the down-payment must be refunded.

- 2) The resident must be eligible (under the income restriction) to occupy the unit, both at the time of initially renting and at the time of purchase. With a period of as much as 3 years lapsing, this requirement may be difficult to meet.
- 3) The structure of the tax exempt issue must meet federal tax law requirements on arbitrage earnings and other restrictions.

An improperly-designed lease-purchase program may result in the notes becoming taxable, the loss of permanent financing for the purchase of the units, and financial risk and liabilities for the local issuer. Because the nature of a lease-purchase option is so complex, it is recommended that applicants desiring to set-up such a program contact the Agency to discuss the concept further before undertaking any project planning.

B. MULTIFAMILY RENTAL HOUSING

The Agency will provide construction and/or permanent financing for rental housing through the issuance of tax exempt bonds.

Applications may be submitted for construction and/or permanent mortgage loans for rental projects consisting of 5 or more units which provide rental rates which will be affordable by low-and/or moderate-income tenants. Applicants may also apply for a portion of the grant funds appropriated under the Act to further enhance project feasibility or tenant subsidy needs.

All projects financed with tax exempt bonds must reserve at least 23% of the units for occupancy by low-and moderate-income tenants. The remainder of the units may be rented at "market rates" but the Agency's statutory income limits (six times the rent - seven times for very large families) will apply to those occupants. Sponsors may wish to reserve all of the units in the project for tenants with incomes of less than 50% or 80% of median for the purpose of increasing the number of affordable housing units within a given municipality. The Agency will provide financing only for proposals which successfully demonstrate financial feasibility.

The Agency encourages (1) rent levels which will be affordable to a wide range of households at different income levels, (2) the combination of rental housing within home-ownership developments, and (3) projects which balance the needs of the elderly with those of family households.

1) Eligible Owners

Eligible owners of multifamily rental projects may be any private developer, a well established nonprofit group, individual, or a local government agency. Nonprofit groups may receive 100% financing; - other borrowers must provide at least 10% equity. The Agency will consider direct development of a rental project through its subsidiary corporation, at the request of a municipality.

2) Resolution of Need

Applications for Agency financing of rental projects may only be accepted if the municipality in which the project will be located has adopted a "Resolution of Need" pursuant to the Agency's enabling legislation. Contact the Agency to determine if the municipality may have already adopted and filed such a resolution.

3) Rate and Term

The interest rate will be determined at the time of the bond sale; the term may vary but will generally be for 30 years.

4) Fees

Upon conditional commitment, a fee of \$1,000 for site review and application analysis must be paid by the sponsor/developer. In addition, fees may be assessed for processing relating to appraisals, market studies and environmental analysis. The mortgage loan may include the Agency's financing fee.

4) Tax Law Compliance

Federal tax law compliance is required of all proposals receiving tax exempt financing requirements include maintenance of units as rental occupancy, low-and moderate-income occupancy, and others.

Regulations governing the development of multifamily housing financed by the Agency have been adopted and published in the New Jersey Register and are made available as part of the Agency's "development package".

C. GRANT AND LOAN ASSISTANCE

The Fair Housing Act appropriation funds of \$15,000,000 (up to \$5,000,000 in Round I) may be used to provide direct grants or loans to promote housing affordable by low-and moderate-income home-buyers and/or tenants.

Applications of grant or loan assistance should provide an overall description of the housing program to be undertaken, and show within the program how the loan or grant funds will be used to make housing more affordable. Eligible use of funds include but are not limited to:

- 1) Land Acquisition, for an affordable housing site. In submitting an application in this regard, the applicant must clearly demonstrate that a feasible housing program is being prepared. Prior to any firm commitment of funds, the program must be largely in place, a developer and contractor selected, drawings completed or nearly complete, and construction cost agreement reached. In the absence of these criteria, the Agency will only consider conditionally approving the proposal, based only upon site acceptability and program concept.

- 2) Down-payment assistance, for eligible families desiring to purchase a **home but lacking** sufficient funds to pay the difference between the **selling price and the** maximum mortgage loan the family can afford to borrow. (It is important to note, however, that a minimum of 5% down-payment is always required for home purchases.)
- 3) Closing cost assistance, for eligible families who can provide the down-payment and otherwise qualify for a mortgage loan, but may not have sufficient capital to pay closing costs.
- 4) Interest Rate Reductions, in instances where an eligible family will be able to afford a house if the mortgage rate (set presently at 10.7%) were lowered. In this kind of program, the interest rate assistance should be a "buy-down", up front for the initial 3 to 5 years of the mortgage loan. Alternate methods could include a form of adjustable rate mortgage taking into account projected increases in the family's gross income.
- 5) Principal Reduction, in situations where the cost of housing construction cannot be decreased sufficiently to produce an affordable mortgage or rental limit, funds may be used to directly offset the sales price or development cost.
- 6) Construction Financing, when permanent "take-out" financing will occur within 12 months.

There will be no fees assessed in connection with applications entailing requests solely from this funding source.

Allocation of Funding

The Agency intends, to the extent possible, to allocate the grant funds to both single-family purchase housing programs and multifamily rental developments. The Agency will seek to balance the amount of funds devoted to each housing **type as well as** a balance of funds devoted to housing for the elderly and families.

In general, **awards of assistance will average no** greater than \$7,000 per affordable unit. **The Agency recognizes that** assisting 50% of median households may **require a greater amount of assistance**, which should be offset by a lower level of **assistance to** households approaching the 80% of median level. In addition, **larger** amounts of funding will be made available in programs providing **large** units (three and four bedrooms) where the need is demonstrated.

D. NJHMFA AFFORDABLE HOUSING CORPORATION

In June 1985, the **Agency's Board of Directors** authorized the formation of a subsidiary corporation to be known as the NJHMFA Affordable Housing Corporation.

The Affordable Housing Corporation has all the powers of the Agency except the authority to issue debt. It is eligible to receive assistance provided under the Fair **Housing Act**, and to be awarded mortgage loans for rental housing just as any other eligible housing sponsor.

For municipalities requesting assistance of the Corporation the Agency will consider undertaking the total development process including land acquisition (including condemnation), developer selection, construction, occupancy and long-term management oversight. Additional corporations may be formed by the Agency and be jointly directed by Agency and municipal officials so long as Agency personnel represent a majority. Such corporations may be granted mortgages for rental housing, commitments of financing for purchase housing, or loans and grants under the Fair Housing Act.

Its powers include:

- 1) To undertake the acquisition, construction, rehabilitation and operation of housing and related activities on a demonstration or experimental basis.
- 2) To act as a housing service corporation to *operate* or complete the construction of agency-financed properties.
- 3) To act as receiver or interim owner of rental properties.
- 4) To participate as a co-owner or coventurer in any activity financed by an eligible loan from the Agency.

SECTION VI

DESIGN STANDARDS

The Fair Housing **Act** charges the Agency with establishing affordable housing programs **and** the responsibility of establishing procedures, guidelines and criteria **for** providing assistance under the Act.

The NJHMFA **also has a** responsibility to its bondholders to establish sound **procedures, guidelines and** criteria consistent with both the goals of the Fair Housing Act **as well as the** investment standards of lending institutions. In conjunction with the Council on Affordable Housing, the Agency will be considering the formulation of design standards for housing assisted by the Agency.

The Agency's primary interest in this regard is in assuring that assisted housing units are of good quality construction. In addition, where low-and moderate-income home-ownership units are provided as part of a larger development and amenities providing recreational and open space opportunities are planned, accessibility of such amenities should be available to all of the residents of the project. The Agency will review the architectural and site plans in connection with affordable housing proposals, and as a condition of approval, may require reasonable modifications to promote the livability and marketability of assisted housing.

In addition, **the** insurance companies providing private mortgage insurance (PMI) for home purchases, will have certain design requirements and/or minimum unit sizes which must be followed in order to qualify for the insurance.

In connection **with rental** housing, the Agency has previously adopted minimum design standards encompassing both project design and unit design standards. These guidelines **are** available from the Agency's Division of Technical Services upon request.

SECTION VII

RESALE AND RENT RESTRICTIONS

Under the Fair Housing Act, all housing which is assisted is required to remain affordable to low-and moderate-income families for a period of at least 20 years.

"In consultation with the council, the Agency shall establish requirements and controls to insure the maintenance of housing assisted under this act as affordable to low-and moderate-income households for a period of not less than 20 years; provided that the Agency may establish a shorter period upon a determination that the economic feasibility of the program is jeopardized by the requirement and the public purpose served by the program out-weighs the shorter period."

In home-ownership programs the following would have to occur:

- The initial sale of the home will be made to an eligible low-or moderate-income family. (The eligible family is not required to move if their income rises above the eligible limits in future years.)
- There will be a restriction included in the deed for the property (which will be recorded) limiting the future resale price of the dwelling to that which would be affordable by low or moderate income families when the unit is sold.
- A cost factor or percentage of increase will be added to the original price of the house for every year the family resides in the unit allowing the future sales price to increase, but at a rate which would keep pace with increases in the area's median income.

The Agency, in consultation with private mortgage insurance companies, and with the Council on Affordable Housing, will establish acceptable methods (formulas) of restricting the resale of assisted units. One index factor which has been approved by the Agency in the past is the "Median Income Index". This is the percentage by which HUD's median income figures increase each year for every region in the State. Therefore, as an example, if the HUD median income increased by 5% in the year following the initial sale of the dwelling unit - the resale price of the home would be: the original sales price * 5%. That unit would still be affordable by a new eligible low/moderate income homebuyer because the income limits would have increased by 5% as well.

Although the HUD "Median Income Index" is an accepted method to employ in regulating these requirements, the Agency is open to suggestions as to other viable methods which a municipality or the designated housing sponsor may wish to utilize. However,, in instances where the Agency is requested to administer the enforcement of the resale restrictions, the Agency in consultation with the Council will use the Median Income Index as its guideline.

In cases where a court settlement has been reached, use of indices or other resale restrictions which are inconsistent with these policies, will not disqualify an applicant from submitting a housing proposal.

In connection with capital improvements which home owners may wish to make, including such items as additions and other home improvements, the Agency in consultation with the Council on Affordable Housing and Mortgage Insurers will be establishing parameters for the adjustment of resale prices in order to maintain the housing as an "affordable unit" for the required period.

In connection with rental housing, the Agency must ensure that the rental rates will be affordable by low/moderate income tenants for a minimum period of at least 20 years. All proposed rent increases will have to be reviewed and approved by the Agency, in accordance with established procedures previously published in the New Jersey Register, or adopted as a matter of policy.

SK/sjp/s3/030

**NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
AFFORDABLE HOUSING PROGRAM**

Application for Assistance Pursuant to the Fair Housing Act (P.L. 1985 c. 222)

I. GENERAL INFORMATION

A. Applicant Municipality: _____ County: _____

Name & Address of Contact Person: _____

(Name)

(Address)

(Telephone No.)

B. Designated Developer or Housing Sponsor

Please identify any designated developer(s) (and other members of the "development team") who will be involved with your housing program. If more than one firm (or individual) is being identified, please indicate for what portion or phase of the project they will be responsible. If a housing sponsor is named, list the name of the developer in section I.C. (4)

(Name of Firm)

(Contact Person)

(Address)

(Telephone No.)

(City, State, Zip Code)

List all officers, directors, partners and any persons having a 10% or greater interest in the company.

Names:

Addresses:

C. Other Members of the "Development Team"

(1) Administrative Agency:

(2) Architect:

(if one is formed to assist in program implementation)

(Name)

(Name)

(Address)

(Address)

(Telephone No.)

(Telephone No.)

(3) Attorney:

(4) Other:

(Name)

(Name)

(Address)

(Address)

(Telephone No.)

(Telephone No.)

II. HOUSING PROGRAM

In the chart below, please describe the housing program intended to be undertaken in your municipality in furtherance of meeting all or part of the municipality's fair share housing obligation. You should describe, in an overall way, a comprehensive housing plan or program which you intend to implement, and then describe the specific request for funding you wish to make in Section III.

A. Name of Project: _____

B. Type of Housing: List the total number of units in your program in each category, as applicable. Please note that a single housing development may include both "for purchase" and rental housing units.

Type	Units for Purchase	Units for Rent	Total
New Construction			
Substantial Rehabilitation			
Moderate Rehabilitation			

If the proposal incorporates units which will be lease-purchase or purchase-rehabilitation, please indicate with an "LP" or "PR" beside the number listed above.

SITE INFORMATION

Street Address: _____

Dimensions: _____ ft. by _____ ft. _____ acres Block _____ Lot _____

Information Concerning Land or Property: Present Owner of Property _____

Proposed Owner _____ Relationship - (business, personal, or other) _____
between Seller and Buyer _____

Does the proposed Owner have an **option** to purchase? _____ Expiration Date _____

<u>Utilities</u>	<u>Yes</u>	<u>No</u>	<u>Distance from Site</u>	<u>Public or Private</u>
Water	_____	_____	_____	_____
Sewer	_____	_____	_____	_____
Gas	_____	_____	_____	_____
Electrical	_____	_____	_____	_____
Other	_____	_____	_____	_____

Is the site zoned to permit the proposed use? _____

Indicate status of site plan applications _____

Information Regarding Proposed Building(s):

Building Type

Hi-Rise _____	No. of Stories _____	No. of Bldgs. _____
Mid-Rise _____	No. of Stories _____	No. of Bldgs. _____
Garden Style _____	No. of Bldgs. _____	No. of Units/Bldg. _____
Townhouse Style _____	No. of Bldgs. _____	No. of Units/Bldg. _____
Single Detached _____	No. of Units _____	
Semi-detached _____	No. of Bldgs. _____	

III. FORM OF ASSISTANCE

What kind of financial assistance are you seeking?

- 1) PERMANENT FINANCING **FOR** HOME PURCHASES? Yes _____ No _____
No. of Units _____ Anticipated Amount \$ _____
- 2) A CONSTRUCTION AND/OR PERMANENT MORTGAGE LOAN
FOR A RENTAL PROJECT? Yes _____ No _____
No. of Units _____ Anticipated Amount \$ _____
(Indicate whether construction or permanent financing, or both, are sought.)
- 3) FAIR HOUSING ACT APPROPRIATION FUNDS? Yes _____ No _____
For what purpose? _____

Requested Amount \$ _____

How many units will directly benefit from this assistance? _____

In the space provided, please indicate how the requested funding will be used to promote the affordable housing described in the above sections. _____

IV. FINANCIAL INFORMATION The median income for this community, located in _____ County is \$ _____ for a family of four persons.

A. HOME-OWNERSHIP PROPOSALS

Please list the costs associated with the housing proposed for HMFA assistance.

1. Development Costs

Land Acquisition Costs	\$ _____	Carrying, Financing and	_____
~ . . . r* x		Other Charges	
Construction Costs	_____		
Professional Fees	_____	Total Project Cost	\$ _____

2. Sales Prices (Fill out Schedule "A" before completing this section.)

Unit Characteristics			Sales Information					
(D)	(2)	(3)	(4a)	(4b)	(4c)	(4d)	(4e)	(4f)
# of Units	Sq. Ft. of Unit	# of BR's	Selling Price	Selling Price Less Approp. Funds	Monthly P.I.T.I. (Mortgage Rati _____%)	Afford. Range	Monthly P.I.T.I. (Mortgage Rate _____%)	Afford. Range

(Add additional sheets as needed to describe all units which will meet all or a part of the local fair share requirements.)

B. RENTAL HOUSING PROPOSALS

If the proposal includes rental housing, please provide the information requested below. All development costs and rental information should include the cost of "market rate" units, if any. Please note that if requesting a firm commitment, Schedule "B" must be completed and submitted with your application.

1. Development Costs

2. Operating Costs

Land Acquisition Costs \$ _____
 Construction Costs _____
 Professional Fees _____
 Carrying, Financing and Other Charges _____
 Total Project Cost _____
 Less Equity (if any) - _____
 Less Subsidy (if requested) - _____
 Total Mortgage Amount \$ _____

Annual Debt Service (Mtg. Payment) \$ _____
 Annual Taxes (Per D.U. _____) _____
 Annual Maintenance & Repair Expenses _____
 Annual Utility Costs (Per D.U. _____) _____
 Total Operating Expenses \$ _____

(D)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
No. of Units	Sq. Ft.	# of Bedrooms	Hshld. Size	Monthly Rent Per Unit	Total Monthly Rent Col. 1 X Col. 5	Estimated Monthly Utilities*	Range of Affordability % of Med.	Dollar Amt.

Total Monthly Rent (all units): \$ _____ X 12 = \$ _____ Annual Rent

*Monthly rent plus utility costs should not exceed 30% of the monthly household income. If utilities are included in the rent, please so indicate. _____

V. SUPPLEMENTAL INFORMATION

A. What is the proposed timetable for implementing your housing program?

Will the proposal(s) be phased? _____ If so, what is the proposed schedule?

B. Government Assistance: Is any other form of assistance (tax abatement, direct grants or other assistance) available from the federal, state or local government to help promote the affordable housing units? Please describe: _____

C. Is construction financing arranged for any or all units which may be proposed as "purchase housing"?
 Yes _____ No _____ If so, which lending institution? _____

- D. If all local approvals have been granted, what is the status of construction of the project?
- | | |
|---|--|
| 1. Permits issued; completion scheduled for _____ | 4. Framing started _____ |
| 2. Site improvements only commenced _____ | 5. Exterior complete _____ |
| 3. Foundations started _____ | 6. Units are complete (c.o.'s issued) but are unoccupied _____ |

If permits are not yet issued, what is the anticipated time frame: _____

- E. Please indicate the status of any pending "Mt. Laurel" litigation in the community. (Attach additional sheets as necessary and indicate filing or docket numbers, applicable dates, etc. Attach copies of any judgements or orders.) _____

- F. Has a "fair share" number been identified for the community? _____
 If so, please indicate how many units and whether there is to be a distribution between low and moderate income units or family vs. elderly housing.

Total: _____ Low: _____ Family: _____
 Moderate: _____ Elderly: _____

Who established the fair share number? _____

Has a court order recognized this as the municipality's fair share? _____

- G. How do you plan to restrict the resale of any units which will be available for purchase? _____

Is there an agency established which can administer resale controls? _____

If so, which agency? _____

- H. Please describe the efforts which will be undertaken to achieve an affirmative marketing strategy to encourage occupancy by those who would otherwise be least likely to apply. (Attach additional sheets as necessary.) _____

- I. Has an application been submitted to the Department of Community Affairs for assistance for the housing described in this application? _____

J. Other Community Information:

- | | |
|---|---|
| (1) Present Tax Rate _____ | (6) CDBG Urban County Consortium Funding? _____ |
| (2) Equalization Ratio _____ | (7) Small Cities Recipient? _____ |
| (3) Urban Aid City? _____ | (8) Other (Please specify) _____ |
| (4) Are there any NPP (Neighborhood Preservation Program) neighborhoods in the community? _____ | (9) 1980 Population _____ |
| (5) CDBG Entitlement City? _____ | |

The _____ municipality is interested in developing (or designating a housing sponsor to undertake the development) the above-described housing program. I, _____, type name and title

_____, hereby certify that the information set forth above is, to the best of my knowledge, true and correct and realize that NJHMFA will rely on such information in making its determination as to the project's potential for financing or funding pursuant to the Fair Housing Act. If any of the details submitted in the proposal are changed, I am aware that the NJHMFA's determination as to project or program acceptability may be affected.

 Signature of Authorized Representative

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
AFFORDABLE HOUSING PROGRAM
OWNERSHIP HOUSING AFFORDABILITY ANALYSIS

(1.) NO. OF BEDROOMS	(2.) # UNITS	(3.) PROJECTED SALES PRICE	(4.) MINIMUM DOWN-PAYMENT		(5.) MORTGAGE AMOUNT
			(a.) %	(b.) \$	
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(6.) * MONTHLY MORTGAGE PAYMENT	(7.) ESTIMATED TAXES AND INSURANCE	(8.) TOTAL P.I.T.I.**	(9.) NECESSARY INCOME	(10.) NO. PERSONS PER HOUSEHOLD	(11.) MEDIAN INCOME FOR HSHLD. SIZE	(12.) RANGE OF AFFORD.
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

* Monthly mortgage payments will include principal, interest, and mortgage insurance.
 ** Principal, interest, property taxes and hazard insurance.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
AFFORDABLE HOUSING PROGRAM
RENTAL HOUSING FINANCIAL FEASIBILITY ANALYSIS

Name of Development _____

Municipality _____ County _____

Total No. of rental units in project: _____ Number of Low Income Units: _____
 Number of "Market Rate" Units: _____ Number of Moderate Income Units: _____

I. FINANCIAL INFORMATION

- A. Land Acquisition (Per D.U. \$ _____) \$ _____
- B. Construction/Rehabilitation Cost (Per D.U. \$ _____) _____
- C. Professional Fees:
 - 1. Architect _____
 - 2. Engineer _____
 - 3. Legal _____
 - 4. Survey _____
 - 5. Other (Specify _____) _____

Subtotal..... \$ _____
- D. Financing Charges
 - 1. Interest _____
 - 2. Agency Fees _____
 - 3. Title Expenses _____
 - 4. Other (Specify _____) _____

Subtotal..... \$ _____
- E. Total Development Cost (Per D.U. \$ _____) \$ _____
 Less Sponsor Equity \$ _____
 Less Any Other Financial Assistance (Specify _____) \$ _____
 Total Mortgage Amount (Per D.U. \$ _____) \$ _____

II. ANNUAL OPERATING EXPENSES

- A. Financial Expenses
 - Debt Service Expenses \$ _____
 - Annual Property Taxes _____
 - Return on Equity _____
 - Anticipated Vacancy Loss _____
 - Reserves _____
 - Total..... \$ _____
- B. Administration
 - Management Fee \$ _____
 - Legal _____
 - Audit _____
 - Advertising _____
 - Telephone _____
 - Supplies _____
 - Misc. Administration _____
 - Data Processing _____
 - Property Insurance _____
 - Total..... \$ _____
- C. Maintenance & Repairs
 - Supplies & Tools \$ _____
 - Equipment _____
 - Parking Area _____
 - Carpentry _____
 - Plumbing _____
 - Electrical _____
 - Miscellaneous _____
 - Total..... \$ _____
- D. Maintenance Contracts
 - Heating/Air Conditioning \$ _____
 - Elevator _____
 - Grounds _____
 - Extermination _____
 - Total..... \$ _____

E. Personnel

<u>Staff</u>	<u>Number</u>	<u>Wages</u>	<u>Benefits</u>	<u>Total</u>
Superintendent	_____	\$ _____	\$ _____	\$ _____
Asst. Supt.	_____	_____	_____	_____
Maintenance	_____	_____	_____	_____
Porters	_____	_____	_____	_____
Resident Mgr,	_____	_____	_____	_____
Security	_____	_____	_____	_____
Social Serv.	_____	_____	_____	_____
Total	_____	\$ _____	\$ _____	\$ _____

EXPENSE SUMMARY

A. Financial	\$ _____
B. Administration	_____
C. Maint/Repairs	_____
D. Maint. Contracts	_____
E. Personnel	_____

TOTAL ANNUAL EXPENSES..\$ _____

III. RENT AND INCOME ANALYSIS

Indicate whether or not the following are included in rent; check in the space provided to show what the energy source for each will be.

	<u>Yes</u>	<u>No</u>			
Heat?	___	___	Gas	_____	Oil _____ Elec. _____
Hot Water?	___	___	Gas	_____	Oil _____ Elec. _____
Air Cond?	___	___	Gas	_____	Oil _____ Elec. _____
Electricity?	___	___			
Stove Type			Gas	_____	Oil _____ Elec. _____

PROJECTED INCOME

(1.) <u>Unit</u>	(2.) <u>Hshld.</u>	(3.) <u>No. of Units</u>	(4.) <u>Monthly Rent</u>	(5.) <u>Estimated Monthly Utilities</u>	(6.) <u>Annual Rent</u>	(7.) <u>Range of Affordability</u>
<u>Eff.</u>	_____	_____	\$ _____	\$ _____	\$ _____	_____
1 Br.	_____	_____	_____	_____	_____	_____
2 Br.	_____	_____	_____	_____	_____	_____
3 Br.	_____	_____	_____	_____	_____	_____
4 Br.	_____	_____	_____	_____	_____	_____
			Total Apartment Rent....\$ _____			

Total Apartment Rent	\$ _____
Parking Income (if any)	\$ _____
Laundry Income (if any)	\$ _____
Other (Specify _____)	\$ _____
TOTAL ANNUAL INCOME	\$ _____

MEDIAN INCOME BY COUNTY
(ADJUSTED FOR FAMILY SIZE)

COUNTY	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Atlantic	\$ 18,550	\$ 21,200	\$ 23,850	\$ 26,500	\$ 28,156	\$ 29,812	\$ 31,468	\$ 33,125
Bergen	25,480	29,120	32,760	36,400	38,675	40,950	43,225	45,500
Burlington	21,350	24,400	27,450	30,500	32,410	34,310	36,220	38,125
Camden	21,350	24,400	27,450	30,500	32,410	34,310	36,220	38,125
Cape May	18,550	21,200	23,850	26,500	28,156	29,812	31,468	33,125
Cumberland	17,850	20,400	22,950	25,500	27,090	28,690	30,280	31,875
Essex	24,710	28,240	31,770	35,300	37,510	39,710	41,920	44,125
Gloucester	21,350	24,400	27,450	30,500	32,410	34,310	36,220	38,125
Hudson	17,570	20,080	22,590	25,100	26,670	28,240	29,810	31,375
Hunterdon	27,020	30,880	34,740	38,600	41,010	43,425	45,840	48,250
Mercer	23,73 ^{rf}	27,120	30,510	33,900	36,020	38,140	40,260	42,375
Middlesex	27,020	30,880	- 34,740	38,600	41,010	43,425	45,840	48,250

Source: 1) Four person median income figures are the US Dept. of Housing and Urban Development estimates as of October 21, 1985.
 2) Family size adjustments were made by the New Jersey Housing and Mortgage Finance Agency using the HUD family size adjustment methodology for their 80% of median income limits.

MEDIAN INCOME BY COUNTY
(ADJUSTED FOR FAMILY SIZE)

COUNTY	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Monmouth	22,400	25,600	28,800	32,000	34,000	36,000	38,000	40,000
Morris	\$ 24,710	\$ 28,240	\$ 31,770	\$ 35,300	\$ 37,510	\$ 39,710	\$ 41,920	\$ 44,125
Ocean	22,400	25,600	28,800	32,000	34,000	36,000	38,000	40,000
Passaic	25,480	29,120	32,760	36,400	38,675	40,950	43,225	45,500
Sale*	21,980	25,120	28,260	31,400	33,360	35,325	37,290	39,250
Somerset	27,020	30,880	34,740	38,600	41,010	43,425	45,840	48,250
Sussex	24,710	28,240	31,770	35,300	37,510	39,710	41,920	44,125
Union	24,710	28,240	31,770	35,300	37,510	39,710	41,920	44,125
Warren	20,510	23,440	26,370	29,300	31,130	32,960	34,790	36,625

Source: 1) Four person median income figures are the US Dept. of Housing and Urban Development estimates as of October 21, 1985.
 2) Family size adjustments were made by the New Jersey Housing and Mortgage Finance Agency using the HUD family size adjustment methodology for their 80% of median income limits.

**SAMPLE RESOLUTION OF GOVERNING BODY FOR AN APPLICATION
PURSUANT TO NJHMFA'S AFFORDABLE HOUSING PROGRAM**

- 0) Whereas, the Fair Housing Act (P.L. 1985 c. 222) (the "Act") states that the New Jersey Housing and Mortgage Finance Agency "shall establish affordable housing programs to assist municipalities in meeting the obligations of developing communities to provide low-and moderate-income housing"; and
- (2) Whereas, "the agency shall to the extent of available funds, award assistance to affordable housing programs located in municipalities whose housing elements have received substantive certification from the council (on Affordable Housing), or which have been subject to a builder's remedy, or which are in furtherance of a regional contribution agreement approved by the council"; and
- (3) Whereas, "during the first 12 months from the effective date of the Act and for any additional period which the council may approve, the agency may assist affordable housing programs" which are not located in such municipalities as described in (3) above, provided the expressed affordable housing program will meet all or in part a municipal low-and moderate-income housing obligation; and

(4) Whereas, the application of the _____
(town/township)
of _____ appears to incorporate an affordable
(name)
housing program which will meet all or a part of the low-and moderate-income housing obligation of the _____,
(town/township)
of _____ ;
(name)

NOW, THEREFORE, BE IT RESOLVED as follows:

- (1) that the ___ ^ _____ hereby supports the application
(governing body)
of the _____ ^ _____ as regards the proposed affordable housing
(municipality)
project or development described in an application for NJHMFA assistance; and

(2) the proposed timetable for the implementation of the project or development described in said application indicates that the project will be completed on or about _____.
(date)

(3) The _____ shall be, and hereby is, authorized
(township or city clerk)
and directed to file a certified copy of this resolution with the Secretary of the New Jersey Housing & Mortgage Finance Agency.

On _____, I, _____ certify that the above
(date) (clerk)
resolution was adopted by the _____ of the
(governing body)
_____ of _____.
(town/township) (name)

SK/sjp/s3/036

Project No. _____
Project Name _____
Date _____
Type of Service _____

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
CERTIFICATION AND QUESTIONNAIRE**

**(Corp., Partnership, Sole Proprietorship)
(Circle One)**

This information is necessary to obtain the approval of the New Jersey Housing and Mortgage Finance Agency, and it will be expressly relied upon. Complete each item, using "NONE" or "NOT APPLICABLE" where necessary. If more space is needed to answer any specific item, use a separate sheet.

A. Applicant (use official names without abbreviations).

Name		Street		
_____		_____		
City	County	State	Zip Code	Telephone Number
_____	_____	_____	_____	_____
Employer's I.D. No.				

B. Please describe the type of services to be provided to the project and the amount and method of compensation:

C. Is the Applicant a subsidiary or direct or indirect affiliate of any other organization? If so, indicate name of related organization and relationship?

D. Management: List all owners, officers, directors, partners of applicant and any stockholders having 10% interest or more in applicant. If the applicant is a publicly held corporation, please provide the latest proxy statement indicating stock ownership. Complete all columns for each such person showing the percentage of ownership interest. (Use additional sheet if necessary.)

<u>Name (first and last)</u>	<u>Home Address</u>	<u>Birthdate</u>	<u>Place of Birth</u>	<u>Social Security Number</u>	<u>Office Held</u>	<u>Ownership Interest</u>
----------------------------------	---------------------	------------------	-------------------------------	---------------------------------------	------------------------	-------------------------------

E. For all individuals named in Item D list all other companies, partnerships or associations in which such persons have more than 10% interest or in which such person is an officer, director or partner. Complete all columns for each person showing the percentage of ownership interest. (If none, so state. Use additional sheet if necessary.)

<u>Name (first and last)</u>	<u>Company, Partnership, Association</u>	<u>Office Held</u>	<u>Ownership Interest</u>
----------------------------------	--	------------------------	-------------------------------

- F. Other than as described above, does the applicant or any person listed in Item D or E have any present or past interest in or relationship with the project or the property on which it is located or with the owner or manager of same. Do any of the parties have any identity of interest whatsoever now existing or which will exist in connection with the project?

_____yes _____no

If yes, furnish details on a separate attachment.

- G. Has the applicant or any person listed in Item D or E above, shared or accepted any compensation or will they share or accept any compensation directly or indirectly in any form or with any other party with an interest in or a relationship to the project?

_____yes _____no

If yes, furnish details on a separate attachment.

- H. Has the applicant or any person listed in Item D or E above, entered into any agreement, participated in a collusion, or otherwise taken any action in restraint of free and competitive bidding or negotiation in connection with the services to be provided?

_____yes_____no

If yes, furnish details on a separate attachment.

- I. Have any of the above parties, within the last five years, been a party defendant in litigation or administrative proceedings involving laws governing hours of labor, minimum wage standards, discrimination in wages, child labor, worker's compensation, payroll or withholding taxes, employment discrimination or occupational safety and health?

_____yes_____no

If yes, furnish details on a separate attachment.

- J. Is applicant or management of applicant or any of the persons listed in Item D or E now a plaintiff or defendant in any civil or criminal litigation?

_____yes_____no

If yes, furnish details on a separate attachment.

K. Have any of the persons listed in Item D or E been subject to any disciplinary action, past or pending, by any administrative, governmental, or regulatory body?

_____yes_____no

If yes, furnish details on a separate attachment.

L. Have any of the persons listed in Item D or E been or are they now subject to any order resulting from any criminal, civil or administrative proceedings brought against them by any administrative, governmental, or regulatory agency?

_____yes_____no

If yes, furnish details on a separate attachment.

M. Have any of the persons listed in Item D or E been denied any license by any administrative, governmental or regulatory agency on the grounds of moral turpitude?

_____yes_____no

If yes, furnish details on a separate attachment.

N. Has the applicant or management of applicant or any of the persons listed in Item D or E been informed of any current or on-going investigation of the applicant or management of the applicant for possible violation of State or Federal laws, or has the applicant or management of the applicant been indicted or subpoenaed by any grand jury or investigative body or had any records subpoenaed by any grand jury or investigative body?

_____yes_____no

If yes, furnish details on a separate attachment.

O. Has the applicant or any person listed in Item D or E above or any concern with which any person(s) listed in Item D or E has been connected, ever been in receivership or adjudicated a bankrupt?

_____yes_____no

If yes, furnish details on a separate attachment.

P. Has the applicant or any person listed in Item D or E above been denied a business related license or had it suspended or revoked by an administrative governmental or regulatory agency?

_____yes_____no

If yes, furnish details on a separate attachment.

Q. Has the applicant or any person listed in Item D or E above been debarred, suspended, or disqualified from contracting with any federal, state or municipal agency?

_____yes_____no

If yes, furnish details on a separate attachment.

R. Has the applicant, if a corporation, had its charter revoked or suspended in the State of New Jersey?

_____yes_____no

If yes, furnish details on a separate attachment.

S. Are any of the persons listed in Items D and E above, or any of the applicant's supervisory employees or any members of their respective families, employed with the New Jersey Housing and Mortgage Finance Agency?

_____yes_____no

If yes, furnish details on a separate attachment.

T. Does any employee or Member of the New Jersey Housing and Mortgage Finance Agency have any interest, direct or indirect, in the applicant's business?

_____yes_____no

If yes, furnish details on a separate attachment.

1. Name and address and telephone number of counsel to Applicant:

2. Name and address of principal bank(s) of account: loan officer, and telephone number:

3. Name and address of accountant to Applicant:

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto, to the best of my knowledge, are true and complete. I acknowledge that the New Jersey Housing and Mortgage Finance Agency is relying on the information contained herein and thereby acknowledge that the undersigned entity is under a continuing obligation, from the date of this Certification through the completion of any contracts with the Owner of subject Project, to notify the Agency in writing of any changes to the answers or information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation *m* this certification, and if I do so, I recognize that I am and/or the undersigned entity is subject to criminal prosecution under the law and that it will also constitute a material breach of any agreement between the undersigned entity and the Owner of the subject Project and that either the Owner or the New Jersey Housing and Mortgage Finance Agency, at its option, may declare all such contracts associated with the subject Project void and unenforceable.

The undersigned entity authorizes the New Jersey Housing and Mortgage Finance Agency to verify any answer(s) contained herein, to investigate the background and credit worthiness of the undersigned entity and to enlist the aid of third parties in its investigative process. The undersigned entity further authorizes the New Jersey Housing and Mortgage Finance Agency to disclose any of the foregoing information and any information discovered in any investigation pursuant to this certification to any party which has entered or is entering into any contract with the undersigned entity in connection with the subject Project.

COMPANY NAME _____

SIGNATURE _____

NAME (print). _____

TITLE _____

DATE _____

BE IT REMEMBERED, that on this _____ day of _____, 19____, before me personally appeared _____, who, I am satisfied is the person named in the within Instrument and who, being duly sworn upon his/her oath has executed the same as his/her voluntary act and deed.

Notary Public

Project No. _____
Project Name _____
Date _____
Type of Service _____

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
CERTIFICATION AND QUESTIONNAIRE

(Personal)

This information is necessary to obtain the approval of the New Jersey Housing and Mortgage Finance Agency and it will be expressly relied upon. Complete each item using "NONE" or "NOT APPLICABLE" where necessary. If more space is needed to answer any specific item, use a separate sheet.

- A. Applicant (Officer, Director, Partner, Shareholder of 10% or more interest) Circle appropriate category and indicate name of entity.

Name		Street		
_____		_____		
City	County	State	Zip Code	Telephone Number
_____	_____	_____	_____	_____
Social Security No.		Date of Birth	Place of Birth	
_____		_____	_____	

- B. Please describe the type of services to be provided to the project and the amount and method of compensation:

- C. Other than as described in Item B, do you have any present interest in or relationship with the project or the property on which it is located or do you have any identity of interest whatsoever now existing or which will exist in connection with the project?

_____yes_____no If yes, furnish details on a separate attachment.

- D. Have you shared or accepted or will you share or accept any compensation directly or indirectly in any form whatsoever from or with any other party with an interest in or a relationship to the project?

_____yes_____no If yes, furnish details on a separate attachment.

E. Have you entered into any agreement, participated in a collusion, or otherwise taken any action *in restraint of free and competitive bidding* or negotiation in connection with the services to be provided?

_____yes_____no

If yes, furnish details on a separate attachment.

F. Please list all other companies, partnerships, or associations in which you have more than a 10% interest. (Use a separate page if needed)

G. Have you within the last five years, been a party defendant in litigation or administrative proceedings involving laws governing hours of labor, minimum wage standards, discrimination in wages, child labor, worker's compensation, payroll or withholding taxes, employment discrimination or occupational safety and health?

_____yes_____no

If yes, furnish details on a separate attachment.

H. Have you ever been charged with, or convicted of any criminal offenses other than a minor motor vehicle violation?

_____yes_____no

If yes, furnish details on a separate attachment and include date, place, crime and sentence (if applicable).

I. Are you now a plaintiff or defendant in any civil or criminal litigation?

_____yes_____no

If yes, furnish details on a separate attachment.

J. Have you been subject to any disciplinary action, past or pending, by any administrative, governmental or regulatory body?

_____yes_____no

If yes, furnish details on a separate attachment.

K. Are you now subject to any order resulting from any criminal, civil or administrative proceedings brought against you by any administrative, governmental or regulatory agency?

_____yes_____no

If yes, furnish details on a separate attachment.

L. Have you ever been denied any license by any administrative, governmental or regulatory agency on the grounds of moral turpitude?

_____yes_____no

If yes, furnish details on a separate attachment.

M. Are you or any member of your family (including in-laws) the subject of a current or on-going investigation with respect to possible violations of state or federal laws, or have you or any member of your family (including in-laws) been subpoenaed or indicted by any grand jury or investigative body?

_____yes

_____no

If yes, furnish details on a separate attachment.

N. Have you ever been adjudicated a bankrupt or filed for bankruptcy?

_____yes_____no

If yes, furnish details on a separate attachment.

O. Have you ever been denied a business-related license or had it suspended or revoked by any administrative, governmental or regulatory agency?

_____yes_____no

If yes, furnish details on a separate attachment.

P. Have you ever been debarred, suspended, or disqualified from contracting with any federal, state or municipal agency?

_____yes_____no

If yes, furnish details on a separate attachment.

Q. Are you or any members of your family employed with the New Jersey Housing and Mortgage Finance Agency?

_____yes_____no

If yes, furnish details on a separate attachment.

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the New Jersey Housing and Mortgage Finance Agency is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation, from the date of this Certification through the completion of any contracts with the Owner of the subject project to notify the Agency in writing of any changes to the answers or information contained herein. I **acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the Owner of the subject Project and that either the Owner or the New Jersey Housing and Mortgage Finance Agency, at its option, may -declare all such contracts associated with the subject Project void and unenforceable.**

I authorize the New Jersey Housing and Mortgage Finance Agency to verify any answer(s) contained herein, to investigate my background and credit worthiness and to enlist the aid of third parties in its investigative process. I further authorize the New Jersey Housing and Mortgage Finance Agency to disclose any of the foregoing information and any information discovered in any investigation pursuant to this certification, to any party with whom I have entered or may enter into a contract in connection with the subject Project.

SIGNATURE _____

NAME (print) _____

TITLE _____

DATE _____

BE IT REMEMBERED, that on this _____ day of _____, 19____, before me personally appeared _____, who, I am satisfied is the person named in the within Instrument and who, being duly sworn upon his/her oath has executed the same as his/her voluntary act and deed.

Notary Public

L-S8



STATE OF NEW JERSEY

JOHN P. RENNA
COMMISSIONER

DEPARTMENT OF COMMUNITY AFFAIRS

363 WEST STATE STREET
CN 800
TRENTON, N. J. 08625-0800

October 15, 1985

Dear Mayor:

The Department of Community Affairs is pleased to transmit the enclosed information package regarding the Neighborhood Preservation Balanced Housing Program. The Program is a direct result of the Fair Housing Act of 1985 and has been appropriated 10 million dollars to address the housing needs of low and moderate income households.

In August of this year, the Department prepared a preliminary information package regarding the Program. As a result of public comments, we have made some revisions that are outlined on a summary sheet. In addition to the summary sheet, we have enclosed revised Program guidelines, an application guide and application forms. Since the application will require the collection of census data, a State Data Center information pamphlet is enclosed. In addition, we have included a schedule of workshops, throughout the State, that are designed to familiarize you with the details and opportunities presented by the Neighborhood Preservation Balanced Housing Program.

The Department has prepared Program regulations for the New Jersey Register. Following a period of public comment, it is possible that the Program may be amended. The Department will notify you of any changes.

If your municipality is interested in participating in the Program, I invite you to submit the enclosed application to the Department of Community Affairs, Grant Control Unit, Office of Program Analysis, 363 West State Street, CN 800, Trenton, New Jersey 08625-0800. Applications will be accepted up to the close of business January 31, 1986.

If you have any questions, please call Mr. Stuart Bressler at (609) 292-7906. Mr. Bressler or one of his staff members will be happy to assist you.

Sincerely,

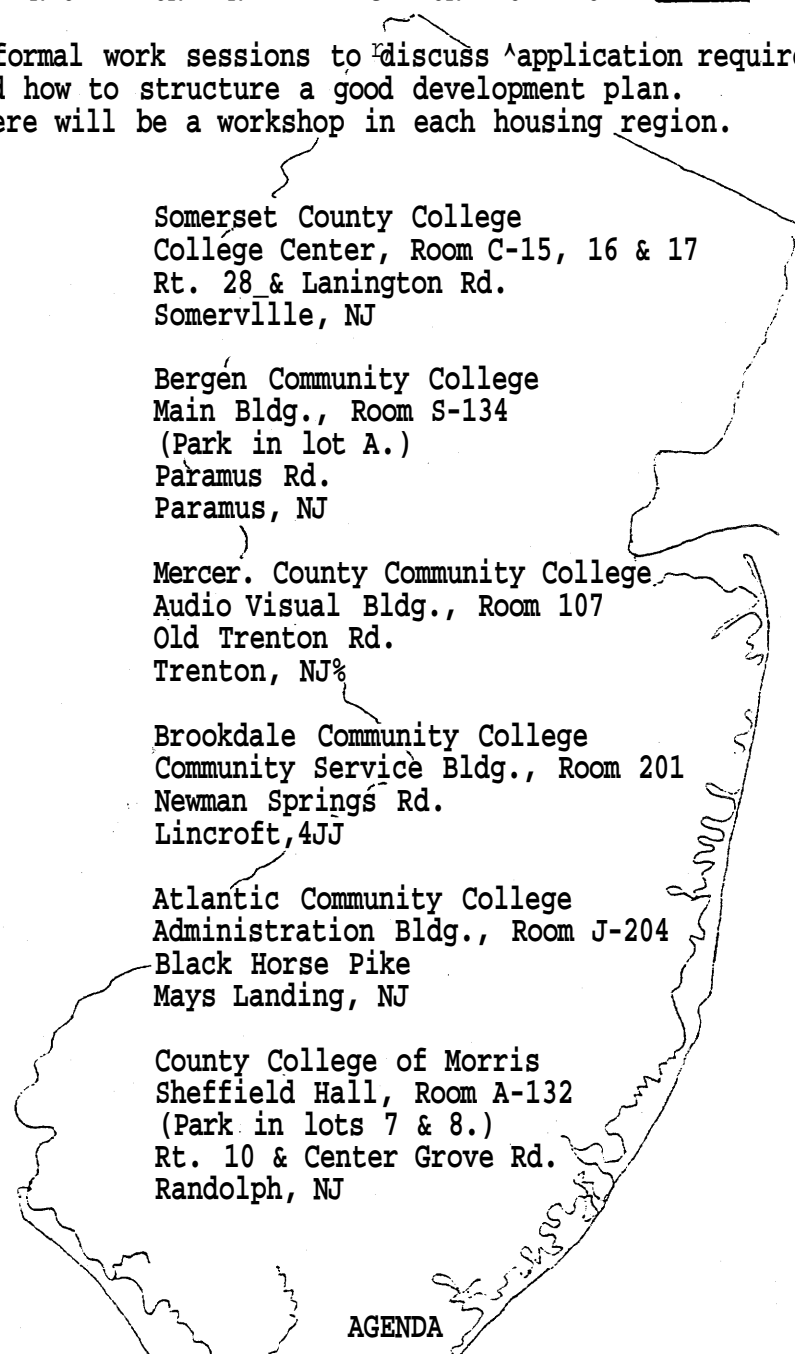
John P. Renna
John P. Renna
Commissioner

Enclosures



Department of Community Affairs
 NEIGHBORHOOD PRESERVATION BALANCED HOUSING PROGRAM
 ^= INFORMATION AND APPLICATION WORKSHOPS

Informal work sessions to discuss application requirements and how to structure a good development plan. There will be a workshop in each housing region.



Monday October 28	Somerset County College College Center, Room C-15, 16 & 17 Rt. 28 & Lanington Rd. Somerville, NJ	8:00p.m.
Thursday October 31	Bergen Community College Main Bldg., Room S-134 (Park in lot A.) Paramus Rd. Paramus, NJ	9:30a.m.
Thursday November 7	Mercer County Community College Audio Visual Bldg., Room 107 Old Trenton Rd. Trenton, NJ	8:00p.m.
Friday November 8	Brookdale Community College Community Service Bldg., Room 201 Newman Springs Rd. Lincroft, NJ	9:30a.m.
Wednesday November 13	Atlantic Community College Administration Bldg., Room J-204 Black Horse Pike Mays Landing, NJ	9:30a.m.
Thursday November 14	County College of Morris Sheffield Hall, Room A-132 (Park in lots 7 & 8.) Rt. 10 & Center Grove Rd. Randolph, NJ	8:00p.m.

AGENDA

Description of Neighborhood Preservation Balanced Housing Program:

- .Eligible applicants, neighborhoods, activities
- .Distribution of funds
- .Funding cycles
- .Application procedures
- .Funding criteria

Structuring a housing program:

- .Overview of housing delivery process
- .Opportunities for cost reductions

Questions and Answers

For further information, call Art Bernard: 609-292-2859.

NEIGHBORHOOD PRESERVATION BALANCED HOUSING PROGRAM

APPLICATION GUIDE

This Application Guide for the Neighborhood Preservation Balanced Housing Program is made up of three documents:

- .Program Guidelines
- Instructions
- .Application

PROGRAM GUIDELINES describe program policy and funding criteria.

INSTRUCTIONS divided into two sections: submission requirements and step-by-step instructions for completing the application.

Read the Instructions through before you begin to fill out an Application.

APPLICATION contains the forms you will need to request funding* This Application, supplemented by your narratives, maps, site plans, and supporting documents, will be returned to us.

The Application is the only document that you will return to us.

If you have questions, call 609-292-7906 for assistance.

State of New Jersey
Thomas H. Kean, Governor
Department of Community Affairs
John P. Renna, Commissioner

October, 1985

SUBMISSION REQUIREMENTS

- Supply the Department of Community Affairs with an original and four copies of your complete application.
- Submit your application to the Department on or before January 31, 1986. If mailed, the postmark will date the submission. If a courier service is used, the date on the receipt will date the submission.

- Mail or deliver your original and four copies to:

Department of Community Affairs
Grant Control Unit
Office of Program Analysis
363 West State Street - CN 800
Trenton, NO 08625-0800

- NEIGHBORHOOD PRESERVATION BALANCED HOUSING PROGRAM, -the date, and the name of the applicant should appear on the front cover.
- Type your application on 8*1 by 11 inch paper.
- The instructions consist of 27 sections, one for each section of the application.
- Forms are included in the application for some, but not all, of the sections. Other sections require narratives and/or supporting documents. In each instruction, we have indicated whether there is a form for the section by stating "Use Form _____" or "No form".
- Some sections are applicable to all projects and some are applicable only to certain types of projects. Provide information only on the sections which apply to your project.
- In presenting your information, respond to all sections which apply to your project in the same order in which they appear in the instructions.
- Identify the sections by the same titles and numbers which they have in the instructions.
- Start each section of your application on a separate page.
- * Provide a Table of Contents and number all of the pages of your Application consecutively.

INSTRUCTIONS

NEIGHBORHOOD PRESERVATION
BALANCED HOUSING PROGRAM

1. PROJECT SUMMARY

Respond to every item on Form 1.

Use Form 1

2. PROJECT DESCRIPTION

Describe the project for which you seek funding.
Briefly discuss:

No form

- a. the number and type of housing units which you will create or rehabilitate.
 - b. what activities you will undertake to produce this housing.
 - c. who will be involved in implementing your project.
 - d. the timing of your activities, including when you will begin and when the project will be completed.
 - e. any problems you foresee e.g. permits, site constraints, marketing, appraisals.
 - f. how the project relates to the municipal housing element.
 - g. how Neighborhood Preservation Balanced Housing funds will be used to carry out your project.
-

3. PROJECT PHASES

If your project will be undertaken in phases, indicate the timing and the number of units in each phase.

Use Form 3

4. NEIGHBORHOOD DESCRIPTION

Neighborhood Preservation Balanced Housing Program activities must take place within or be an extension to an eligible neighborhood. For a definition and discussion of an appropriate neighborhood, see page 4 of the Neighborhood Preservation Balanced Housing Program Guidelines. Write a description of the neighborhood impacted by your proposed project. Be succinct. In your description, include; the location of the neighborhood and its boundaries; types of land use within the neighborhood (residential, commercial and

No form

industrial); and the location of neighborhood facilities (parks, schools, playgrounds, etc.)

Describe the condition of the physical properties, streets and sidewalks. Are the municipal services comparable to those in the rest of the municipality?

5c MAP

Submit a map which clearly shows:

No form

1. Neighborhood boundaries
2. Street names
3. The location of neighborhood facilities
4. The location of specific properties or structures proposed as part of the project.
5. Surrounding uses

Note: In the case of scattered-site rehabilitation projects, the applicant need not identify specific structures to be rehabilitated.

6. RECENT NEIGHBORHOOD ACTIVITY

No form

Describe recent private, non-profit and municipal activities to develop, improve or redevelop property within the neighborhood. If possible, relate these activities to the housing element in the municipal Master Plan. Building permits will be a good source to document private activity. If the municipality has demonstrated a commitment to improve the neighborhood, describe it. Be as specific as possible.

7. PROJECT ENHANCEMENTS

No form

Describe any neighborhood or project amenities which you have incorporated into your project which will improve the quality of life for the residents* such as open space, recreational facilities, and design elements which will make your project compatible with other neighborhood structures.

8. MONTHLY UTILITY COSTS

No form

Describe any features you have incorporated into your project which will minimize the monthly utility costs of the housing to the residents. Include all design elements in the project or in individual units such as: installation of efficient boilers; insulation if R-Value exceeds code standard; landscaping; passive solar features. If possible, document the savings with an energy audit by the local utility company.

9. USES OF FUNDS

Use Form 9

Using the categories provided on Form 9 list all activities necessary to implement your project and estimate the cost of each activity. Total the costs at the bottom of the page. Include all project activities, regardless of the source, so that a complete picture of the project is provided.

10. SOURCES OF FUNDS

Use Form 10

The SOURCES OF FUNDS statement provides a summary of the proposed financing structure of your project. List each source of funds under the appropriate section and provide a brief description of the funding (e.g., permanent financing at **11 percent over 30 years**, or cash equity).

Projects will be favored if they are ready to proceed, as judged by a clear commitment of **resources**. Therefore, all sources of funds should be supported by firm letters of commitment as described by the Guide to Firm Financing Commitments on page 5 of these instructions, if possible.

Projects that seek HMFA permanent financing need not receive HMFA commitments prior to submitting **an application**. However, the applicant should list **HMFA under Sources of Funds**. The Department will **contact HMFA regarding the feasibility of the proposed project; and, as a result of that contact, the Department may award a commitment of funds conditioned on HMFA financing**.

If **you** are requesting a multi-year commitment, **your** letters of commitment should indicate that the **funds are available for an extended period of time**.

Note: The total costs on Form 9 should equal the total sources on Form 10.

GUIDE TO FIRM LENDER COMMITMENT LETTERS

In order to be counted as a firm commitment letter, the commitment must meet the following tests:

LOANS FROM FINANCIAL INSTITUTIONS

A firm commitment letter from a financial institution must have the following ingredients:

- . Language which indicates that the loan has been approved by individuals or committees empowered to lend the amount committed to in the commitment letter and that the institution will lend subject to certain conditions.
- . A specific dollar amount
- A specific term in years
- * A specific interest rate
- A specific repayment schedule
- Specific collateral or security
- . Length of time commitment is available
- . Specific conditions attendant to the loan. Conditional approvals subject to leasing-up or satisfactory appraisals will not be counted as firm commitments until the leasing-up or satisfactory appraisals has been received.

PUBLIC COMMITMENTS

Municipal commitment letters must include:

- . Language which indicates the grant or loan has been approved by the governing body, housing authority or agency empowered to issue the grant or loan.
- » A specific dollar amount for each year of commitment
- . Conditions attendant to the grant or loan
- . If a loan:
 - „ A specific term in years
 - . A specific interest rate
- . Length of time commitment is available
- * A specific repayment schedule
- . Specific collateral or security

11. OPERATING PRO FORMA

For rental properties
ONLY

No Form

If you are rehabilitating or constructing rental property, prepare an operating pro forma similar to the sample below. Please show an income and expense projection for the first full year of project operation, i.e., when rent-up is complete.

SAMPLE OPERATING PRO FORMA

GROSS INCOME

# of Units	# Bedrooms	Square Feet	Avg. Rent/mo.
------------	------------	-------------	------------------

Gross Rental Income.....	\$	_____
Rental Vacancy _____ %.....	"	_____
Effective Gross Income.....	"	_____

EXPENSES

Real Estate Taxes.....	\$	_____
Insurance.....	"	_____
Heat.....	"	HZZZZ
Electricity.....	"	_____
Maintenance.....	"	_____
Rubbish removal.....	"	_____
Snow removal.....	"	_____
Supplies & sundries.....	"	_____
Payroll.....	"	_____
Replacement reserve.....	"	_____
Management & administrative.....	"	_____
Accounting & legal.....	"	_____
Advertising.....	"	_____
Miscellaneous.....	"	_____
Total Expenses.....	*	\$ _____

NET INCOME..... m _____

Debt service.....»" _____

Return on equity.....»»»»»»»» _____

12. RANGE OF AFFORDABILITY

For all projects EXCEPT owner-occupied housing rehabilitation

Use Worksheets 12a. and 12b.

Use Form 12c.

In computing the range of affordability, remember that owner occupied units are affordable to low and moderate income households if principal, interest, taxes, and insurance expenses do not exceed 28 percent of the household's gross income. Similarly, rent should not exceed 30 percent of the household's income.

Applications that develop units that meet this criterion for the greatest diversity of households will receive a competitive advantage* Thus, an application proposing units affordable to a household earning 40 percent of median income will be favored over an application proposing units affordable to a household earning 50 percent of median income. Remember that at least half of the units in your project must be affordable to families at or below 50 percent of median income.

In addition, this Department encourages downpayments by the homeowner of five to ten percent as reasonable for low and moderate income households. If the homeowner's contribution is supplemented from another source, such as CDBG or the Neighborhood Preservation Balanced Housing Program, the combined funds will permit a larger downpayment, thus making the monthly carrying costs of the unit more affordable. However, placing a heavy, up-front burden on the homeowner is not considered an acceptable means for bringing monthly costs into the affordable range.

Thus, projects which require a homeowner's downpayment of between five and ten percent will be given a competitive edge. Downpayments by the homeowner in excess of ten percent will reduce the competitiveness of the application.

Use the worksheets to calculate the range of affordability of your units. Use a separate worksheet for each type of unit as determined by unit size and price (or rent). Worksheet 12a. is for sales units. Worksheet 12b. is for rental units. Then fill in Form 12c, using the numbers you have calculated on the worksheets.

In using the worksheets, please note the following:

The size of the families this Department considers appropriate to occupy different sized units follows. Use these standards when entering median incomes on the worksheets.

Efficiency units should be affordable to one person households;

One bedroom units should be affordable to two person households;

Two bedroom units, should be affordable to three person households;

Three bedroom units should be affordable to five person households;

Four bedroom units should be affordable to seven person households.

In all instances* we have identified the smaller size family that could be considered appropriate for a given unit. For example, although a two bedroom unit may be occupied by a family of four if there are two children of the same gender, it must be affordable to a family of three.

A chart of median incomes for one to eight person households for New Jersey regions is included.

If you need assistance, please call 609-292-7906.

MEDIAN INCOME BY MSA AND COUNTY

	MEDIAN INCOME							
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8+Person
MSA: Allentown-Bethlehem PA-NJ (Warren)	\$19,600	\$22,400	\$25,200	\$28,000	\$30,200	\$32,500	\$34,700	\$37,000
MSA: Atlantic City, NJ (Atlantic, Cape May)	\$18,600	\$21,200	\$23,800	\$26,500	\$28,600	\$30,700	\$32,900	\$35,000
^MSA: Bergen-Passaic, NJ (Bergen, Passaic)	\$19,100	\$21,800	\$24,600	\$27,300	\$29,500	\$31,700	\$33,900	\$36,000
PMSA: Jersey City, NJ (Hudson)	\$17,300	\$19,800	\$22,200	\$24,700	\$26,700	\$28,700	\$30,600	\$32,600
PMSA: Middieesex-Somerset- Hunterdon, NJ (Middle- sex, Hunterdon, Somerset)	\$23,600	\$27,000	\$30,400	\$33,800	\$36,400	\$39,100	\$41,800	\$45,000
PMSA: Monmouth-Ocean, NJ (Monmouth, Ocean)	\$22,100	\$25,300	\$28,400	\$31,600	\$34,100	\$36,700	\$39,200	\$41,700
PMSA: Newark, NJ (Essex, Morris, Sussex, Union)	\$22,900	\$26,200	\$29,400	\$32,700	\$35,300	\$37,900	\$40,500	\$43,200
PMSA: Philadelphia, PA-NJ (Burlington, Camden, Gloucester)	\$19,700	\$22,600	\$25,400	\$28,200	\$30,500	\$32,700	\$35,000	\$37,200
PMSA: Trenton, NJ (Mercer)	\$21,800	\$25,000	\$28,100	\$31,200	\$33,700	\$36,200	\$38,700	\$41,200
PMSA: Vineland-Millville- Bridgeton, NJ (Cumberland)	\$17,200	\$19,600	\$22,000	\$24,500	\$26,500	\$28,400	\$30,400	\$32,300
PMSA: Wilmington, DE-NJ-MD (Salem)	\$20,600	\$23,500	\$26,500	\$28,400	\$31,800	\$34,100	\$36,500	\$38,800

13. NEIGHBORHOOD NEED INDICATORS

For owner-occupied rehabilitation projects ONLY

Use Form 13

The housing and income information requested on Form 13 is readily available in the 1980 Census. You may supplement the Census with other data such as special surveys, preferably more recent than the Census.

Census data are available at the block group or enumeration district level on STF 3 through the State Library system. Since block group and enumeration district boundaries probably will not conform to your neighborhood boundaries, please provide a map of the block groups used so that the Department can compare their boundaries to your neighborhood boundaries.

In section 3, identify the census maps and block groups where the information can be found. If other data are used, identify the source and the methodology used*

If you need assistance locating Census data or have questions about the applicability of other data you may have, call 609-292-7906.

14. OWNER-OCCUPIED HOUSING REHABILITATION PROJECT INFORMATION

For owner-occupied rehabilitation projects ONLY

No form

Provide the following information about your project:

1. How many standard units do you propose to rehabilitate from substandard units?
2. What is the average rehabilitation cost per unit? On what information do you base this estimate: Provide documentation. For instance, you may use evidence of code violations in recent years, surveys or inspections by a qualified professional.
3. Describe the financing guidelines which you will follow in providing assistance to homeowners to rehabilitate their homes. What income groups will be eligible? What benefits will each of these groups receive? Will you provide assistance in the form of grants, matching grants or other? Will there be a maximum grant limit?

4, How will you market this project and screen eligible applicants?

Note: All recipients of funds in this activity must be qualified as low and moderate income.

15, ADAPTIVE REUSE
or
REHABILITATION OF VACANT
RESIDENCES
or
MULTIFAMILY RENTAL
REHABILITATION: PROJECT
INFORMATION

For the above types of
activity ONLY

Use Form 15

If you propose to convert a non-residential structure to residential use or, to rehabilitate vacant residential structures or to bring multifamily residences into standard condition, provide information on Form 15 for each structure.

Supplement this information to the greatest extent possible with maps, site plans, and floor plans.

Include photographs of the structure(s) and site(s).

16-* NEW CONSTRUCTION:
PROJECT INFORMATION

For new construction
projects ONLY

No form

Provide the following information about your projects

- 1, Property address
2. Acreage of site
- 3.. Are water and sewer facilities available to the site?
4. List other improvements, on or off site, that relate to the project.
5. Describe any variances the project may require.

Include a concept plan map drawn to scale which includes:

- . the location of the site in relation to the surrounding area;
- . the current tax map sheet, block and lot numbers of the property involved;
- . uses of property (residential, commercial, etc.) within 200 feet of the site;
- . zoning district(s) in which the site is located;
- . if subdivision, number of lots after subdivision and their areas in acres if one acre or more or in square feet if under one acre;

- . building set-back lines as required by zoning ordinance;
- . approximate location of flood plains, stream corridors and/or steep slopes;
- . location of existing structures and their set-backs from existing and proposed property lines;
- . location and type of existing easements or rights of way including power lines;
- . location, names and width of existing and proposed streets on the property and within 200 feet of the tract.

17. NEW CONSTRUCTION,
ADAPTIVE REUSE, AND
MULTIFAMILY REHABILITATION:
COST CONTAINMENT AND
UNIT SIZE

Describe what has been done to reduce construction costs in your project, such as creating appropriately sized units; employing state-of-the-art technology; revising development standards for low and moderate income projects; expediting the municipal review process; etc.

For all projects EXCEPT
owner occupied housing
rehabilitation

No form

18. MUNICIPAL HOUSEHOLD SIZES
AND UNITS FOR DIFFERENT
HOUSEHOLD SIZES
NEW CONSTRUCTION,
ADAPTIVE REUSE, AND
MULTIFAMILY REHABILITATION:

On Form 18, Columns a. and b. request information about the number and percentage of households of different sizes in your municipality. This information can be found in the Census.

For all projects EXCEPT
owner occupied housing
rehabilitation

In columns c. and d., list the number and percentage of units in your project to serve each of these household sizes.

Use Form 18

19. READINESS TO PROCEED:
NEW CONSTRUCTION

Check the appropriate line in #1, Form 19. Provide documentation to support your response.

For new construction
projects ONLY

Respond to every item in #2, and provide documentation for your response when available.

Use Form 19

20. PROJECT SCHEDULE

Use Form 20

Prepare a project schedule which shows the proposed starting and completion date of each project activity (columns a and b)» The schedule should, refer to weeks and/or months following contract execution rather than to actual dates. In columns c and d, list all building permits, zoning variances, licenses, approvals required for your project and the estimated time needed to acquire them*

21. QUALIFICATIONS OF SPONSOR/DEVELOPER

No form

Describe the experience of the sponsor/developer which qualifies them to undertake this project. Include non-profit or private developer, consultants, and municipality. List the names, locations, numbers and description of the housing units which they have developed. If the sponsor/developer has produced low and moderate income housing, so indicate and include the sales price or rents and the subsidy required to offer them at an affordable price.

If this is a scattered-site rehabilitation project, describe where the implementing agency has previously carried out this activity, the number of units rehabilitated per year, and the average level of rehabilitation per structure.

224 SELECTION OF INCOME QUALIFIED HOUSEHOLDS

For new construction, adaptive reuse, and rehabilitation of vacant units ONLY

No form

Describe your plan to select low and moderate income households who will occupy the housing which you are creating with Neighborhood Preservation Balanced Housing Program funds. For a discussion of qualified households, refer to page 12 of the Guidelines*

In your plan, address the following issues:

1. Who or what agency will administer the selection process?
- 2» Will certain groups be given priority for low and moderate income units? If so, how long will these groups retain this priority?
3. How will you market these units?
4. What will you do to affirmatively market these units to minorities?
5. How will individual households be determined eligible and selected for occupancy?

Note: All households served by a scattered site housing rehabilitation program must also be qualified as low and moderate income before any construction takes place.

23» AFFORDABILITY
CONTROLS

No form

Refer to page 18 of the Guidelines for a discussion of the requirements ensuring that any units of housing funded under this program continue to be occupied by low and moderate income households for at least 20 years.

Please provide the following information:

1. Indicate whether you want the Department of Community Affairs to be responsible for monitoring the resales and re-rents of low and moderate income units in your proposed project«

If you do want the Department to assume this responsibility, go to #3. If another agency will assume this responsibility, go on to #2.

2. Describe the municipality's plan to ensure that these units will remain affordable to low and moderate income households. Address the following issues:
 - a. What agency will be responsible for monitoring?
 - b. Will covenants be placed on the units?
 - c. Will an indexed approach be used?
 - d. How will the agency deal with foreclosure situations?
 - e. Will the "agency assist in locating income-qualified buyers or renters? If so, will a fee be charged for this service.
 - f. What capital improvements will be allowed and how much of a resident's investment for a capital improvement may a resident recover upon sale of the property?
3. Do you seek a waiver of the requirement to maintain the units in your project as affordable to low and moderate income people for 20 years? See page 19 of the Guidelines for an explanation of this issue. If yes, explain what you seek to substitute and why such a waiver is necessary to ensure the feasibility of your project. Be specific and add documentation if possible.

24, MULTIYEAR
COMMITMENT

No form

If you checked yes on question #10 on the Project Summary (Form 1), answer the following questions:

1. Why do you need a multiyear commitment?
 2. What is the ongoing project of which this application is a part?
 3. What are the on-going resources committed to this project?
-

25. RESOLUTION OF GOVERNING
BODY TO SUBMIT FAIR
HOUSING PLAN

Use Form 25

The governing body must indicate its intent to submit a fair share housing plan to the Council on Affordable Housing. The copy submitted with the original application must have an original signature and raised seal of the municipality. You may use Form 25 or submit a comparable one.

Note: This requirement does not apply to municipalities which have accepted a court approved settlement.

26. RESOLUTION OF GOVERNING
BODY TO APPLY FOR AND
ACCEPT FUNDS

Use Form 26

The governing body must resolve to apply for Neighborhood Preservation Balanced Housing Program funds and, if successful, to contract with the Department of Community Affairs to receive them. The resolution must be executed, with an original signature and raised seal included in the original application. Use Form 26 or submit a comparable one.

27. ADEQUACY OF ACCOUNTING

Use Form 27

Execute the Statement of Adequacy of Accounting and submit with your application.

NEIGHBORHOOD PRESERVATION BALANCED HOUSING PROGRAM
APPLICATION FORMS

October, 1985

PROJECT SUMMARY

- 1. Name of Applicant _____
Municipality _____
- 2. Name of County _____ Federal I.D. Number _____

- 4. Name and Address of Contact Person:
Name _____ Telephone _____
Position _____
Address _____
City _____ Zip Code _____

- 5. Name of Project and/or Neighborhood _____

6. Proposed Activities:

<u>Description of Activity</u>	<u>Source of Funds</u>		
	Private	Neighborhood Preservation	Other
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total Project Cost: _____

- 7. Number of standard housing units created _____
Number of low-income housing units created _____
Number of moderate-income housing units created _____

- 8. How many units are: new construction? _____ rehabilitation? _____
adaptive reuse? _____
creation of new units through accessory apartments? ^ _____
other? _____

- 9. Will the units created be owner occupied? _____ condominium? _____
rental? _____ cooperative? _____

- 10. Is this request for a muHi-year commitment? Yes _____ No _____

PROJECT PHASES

Will the project be completed in phases?

If yes, indicate the number of low and moderate income units to be completed in each phase and the completion date of each phase.

<u>Phase</u>	<u>Low Income Units</u>	<u>Moderate Income Units</u>	<u>Completed</u>
1	_____	_____	_____
2	_____	_____	_____
3	_____	_____	_____
4	_____	_____	_____

USES OF FUNDS

Activity Categories _____ Costs _____

Land _____
Improvements (off-site) _____
Improvements (on-site) _____ Total Improvements _____

Soft Costs (Professionals)
Architect _____
Engineers _____
Surveyors _____
Attorneys _____
Sales & Advertising _____
Consultants _____
Supervision _____ Total Professional Soft Costs _____

Soft Costs (Other)
Homeowner Warranty Permit _____
Planned Real Estate Development Approval (if applicable) _____
Title Insurance _____
Hazard Insurance _____
Bonds _____
Fees & Permits _____
Marketing & Rent-up _____
Other _____ Total Other Soft Costs _____

Construction Costs _____ per unit x _____ units _____

Contingency _____

Overhead & Profit & Administration _____

TOTAL PROJECT COST _____

SOURCES OF FUNDS*

1. PRIVATE

<u>Source</u>	<u>Description</u>	<u>Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	TOTAL PRIVATE SOURCES	\$ _____

2. PUBLIC (not including Neighborhood Preservation Balanced Housing Program)

<u>Source</u>	<u>Description</u>	<u>Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	TOTAL PUBLIC SOURCES	\$ _____

3. NEIGHBORHOOD PRESERVATION BALANCED HOUSING PROGRAM

<u>Description</u>	<u>Amount</u>	
_____	_____	
_____	_____	
_____	_____	
_____	_____	
_____	_____	
	TOTAL SOURCES	\$ _____

*All private and public sources of funds (Items 1 and 2) must be accompanied by commitment letters as specified in the Instructions on page 4,

RANGE OF AFFORDABILITY
WORKSHEET FOR SALES UNITS



Use one worksheet for each housing type in your project as determined by unit size and sales price.

Number of bedrooms _____ Number of units this size _____

Number of square feet _____

Median income for family which will occupy this unit \$ _____
(See instructions)

Sales price \$ _____ Downpayment \$ _____
(Homeowner's Contribution _____ other _____)

Permanent financing at _____ % for a period of _____ years
(If ARM or GPM, include "statement of terms.")

Annual real estate taxes \$ _____

Annual condominium fees \$ _____

Annual insurance \$ _____

TOTAL TAXES, FEES, AND INSURANCE \$ _____

Calculations

1. Enter sales price \$_m _____
2. Subtract downpayment _____
3. Equals amount of mortgage = \$ _____
4. Enter annual mortgage payment (Use mortgage table) \$ _____
5. Add annual taxes, fees and insurance (from above) + \$ _____
6. Equals annual housing costs = \$ _____
7. Divide #6 by .28 \$_{#6} _____ i .28 = \$ _____
8. Divide #7 by median income (from above) \$_{F7} _____ * \$ _____ = \$ _____
median income
9. Multiply #8 by 100 to get affordability \$ _____ x 100 =

AFFORDABILITY

RANGE OF AFFORDABILITY
WORKSHEET FOR RENTAL UNITS

Use one worksheet for each housing type in your project as determined by unit size and rent.

Number of bedrooms _____ Number of units this size _____

Number of square feet _____

Median income for family which will occupy this unit (See instructions) \$ _____

Annual rent \$ _____

Calculations

1. Enter annual rent \$ _____

2. Divide #1 by .30 \$ _____ ÷ .30 * \$ _____

3. Divide #2 by median income (from above) \$ _____ #2 ÷ \$ _____ median income = \$ _____

4. Multiply #3 by 100 to get affordability \$ _____ #3 x 100 = AFFORDABILITY

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PROJECT RANGE OF AFFORDABILITY
SUMMARY

Summarize the information on worksheets 12a and 12b, using one row
of this chart for each worksheet.

Number of Bedrooms	Annual housing costs		Number of units of this type	Range of Affordability
	rent	p.i.t.i.*		

*principal, interest, taxes, insurance

NEIGHBORHOOD NEED INDICATORS

1. Provide the following numbers and percentages for the year round housing in the designated neighborhood.

<u>Housing Indicator</u>	<u># of Units</u>	<u>Percentage of Total Units Within Enumeration District or Block Group</u> <small>a</small>
a. Total Housing Units	_____	_____
b. Vacant Housing Units	_____	_____
c. Occupied Housing Units with complete plumbing facilities for exclusive use and with more than one person per room	_____	_____
d. Occupied Housing Units with no bathroom or only half a bathroom	_____	_____
e. Housing Units With No Heat	_____	_____
f. Housing Units Heated by Room Heaters without Flue	_____	_____
g. Housing Units Heated by fireplaces, stoves or portable room heaters	_____	_____
h. Housing Units Without Complete Kitchen Facilities	_____	_____
i. Housing Units Built Prior to 1940	_____	_____
j. Housing Units with four stories or more without passenger elevator	_____	_____

2. Provide the number and percentage of households in the following income groups within the designated neighborhood.

<u>Income Group</u>	<u>Number of Households</u>	<u>Percentage of Household</u>
Less than \$2,500		
\$2,500 to \$4,999		
\$5,000 to \$7,499		
\$7,500 to \$9,999		
\$10,000 to \$12,499		
\$12,500 to \$14,999		
\$15,000 to \$17,499		
\$17,500 to \$19,999		
\$20,000 to \$22,499		
\$22,500 to \$24,999		
\$25,000 to \$27,499		
\$27,500 to \$29,999		
\$30,000 to \$34,999		
\$35,000 +		

3. Census data in this form is from Census Tract _____,
and Block Group(s) or Enumeration District(s) _____.

Include census maps, as per instructions.
Other sources of information are:

ADAPTIVE REUSE OR REHABILITATION OF VACANT RESIDENCES
OR REHABILITATION OF MULTIFAMILY RENTAL STRUCTURES:

PROJECT INFORMATION

Property Address	What streets does property abut? How much frontage is on each? Street Feet on Frontage	Sewer or Water available?	# Sq. Ft. in structure	Age of Structure	Condition of Structure

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NUMBER AND PERCENTAGE OF DIFFERENT SIZED HOUSEHOLDS IN YOUR MUNICIPALITY

NUMBER AND PERCENTAGE OF UNITS FOR THESE HOUSEHOLDS IN YOUR PROJECT

HOUSEHOLD SIZE	a. Total # in your municipality	b. % of municipal total	c. # of units in your project for this household size	d. % of units in your project
1				
2				
3				
4				
5				
6+				

READINESS TO PROCEED:
NEW CONSTRUCTION PROJECTS

1. Does the development entity:

- a. Own the proposed site? _____
- b. Have an option on the site? _____
- c. Control the site in some other way? _____
If yes, please explain. _____

2. Check which of the following are in place:

- a. The site is zoned for desired purpose. Yes _____ No _____
- b. The site is large enough to build on after making allowances for setback requirements. Yes _____ No _____
- c. All liens or other encumbrances are removed. Yes _____ No _____
- d. No deed restriction prevents use for designated purpose. Yes _____ No _____
- e. The condition of title is no impediment to development. Yes _____ No _____
- f. There are no physical problems which prevent the use of the property for the stated purpose. Yes _____ No _____

If the answer to any of the above is negative, please provide an explanation as to how and when the problem can be resolved.

PROJECT SCHEDULE

a. Activity	b. Month when activity will Begin End		c. Permit/Approval needed	Time needed to acquire

RESOLUTION OF GOVERNING BODY
TO SUBMIT FAIR HOUSING PLAN

WHEREAS, the Fair Housing Act of 1985 establishes a Neighborhood Preservation Nonlapsing Revolving Fund to fund, in part, municipalities whose housing elements have received substantive certification from the Council on Affordable Housing; and

WHEREAS, the Fair Housing Act of 1985 mandates the adoption of a housing element as a condition for the adoption of a zoning ordinance;

NOW, THEREFORE, BE IT RESOLVED by the governing body of the municipality of _____ in _____; _____ County that it shall notify the Council on Affordable Housing of its intent to submit a fair share housing plan; and shall prepare and file a housing element with the Council on Affordable Housing as prescribed in Section 9 of the Fair Housing Act.

RESOLUTION OF GOVERNING BODY
TO APPLY FOR AND ACCEPT FUNDS

WHEREAS, the municipality of _____ desires to apply for and obtain a grant from the Neighborhood Preservation Balanced Housing Program being administered by the New Jersey Department of Community Affairs, and

WHEREAS, in order to obtain such a grant, it is necessary that the municipality of _____, submit an application to and enter into an agreement with the New Jersey Department of Community Affairs with regard to any such grant which may be offered to the municipality^

NOW, THEREFORE, BE IT RESOLVED by the governing body of the municipality of _____ that the municipality of _____ shall submit an application for such a grant in accordance with all pertinent terms, conditions and requirements which may be established for such an application and further shall accept and agree to comply with and fulfill each of the understandings and assurances contained in said application; and

BE IT FURTHER RESOLVED that the chief executive officer and the clerk of the municipality of _____ are hereby authorized and directed to execute any and all documents necessary for the submission and completion of such an application on behalf of the municipality of _____; and

BE IT FURTHER RESOLVED that the chief executive officer and the clerk of the municipality of _____ are hereby authorized and directed to provide any and all information which may be required in order to obtain such a grant; and

BE IT FURTHER RESOLVED that, in the event that the Department of Community Affairs determines to offer the municipality of _____ a Neighborhood Preservation Balanced Housing Program Grant pursuant to its application, the municipality of _____ shall enter into a contract agreement with the New Jersey Department of Community Affairs for the amount of the grant which contract agreement shall incorporate the terms and conditions set forth in the municipality's application as such terms and conditions may be modified by the municipality and the Department during the course of the Department^ evaluation of the application; and

BE IT FURTHER RESOLVED that, in the event that the Department of Community Affairs determines to offer the municipality of _____ a Neighborhood Preservation Balanced Housing Program Grant pursuant to its application, the chief executive officer of the municipality of _____ is hereby authorized and directed to execute a contract agreement with the Department of Community Affairs on behalf of the municipality for the amount of the grant.

Passed this _____ day of _____, 1985/6

(SEAL)

ATTEST: _____
MUNICIPAL CLERK

CHIEF EXECUTIVE OFFICER

STATEMENT OF ADEQUACY OF ACCOUNTING SYSTEM

IF CONTRACTOR IS GOVERNMENTAL AGENCY

DATE _____

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
363 WEST STAS STREET
TRENTON, NEW JERSEY 08625

* ATTENTION: Audit and Evaluation Section

Gentlemen:

I am the _____ of _____
Title of Chief Financial Officer Name of Contractor

and, in this capacity, I will be responsible for establishing and maintaining
the financial accounts for _____

Name of Project

The accounting system that will be established and maintained for the purpose
of this"contract will be adequate to:

- (1) provide for accurate identification of the receipts and expenditures of N.J.D.C.A. funds by approved budget cost categories,
- (2) provide for documentation supporting each book entry, filed in such a way that it can be readily located,
- (3) provide accurate and current financial reporting information,
- v4) - be integrated with a strong system of internal control,
- (5) and will conform to any and all requirements or guidelines that N.J.D.C.A. may issue.

Signature of Financial Officer

Title

Name of Contractor



STATE OF NEW JERSEY
Thomas H. Kean, *Governor*

DEPARTMENT OF COMMUNITY AFFAIRS
John P. Renna, *Commissioner*

SUMMARY OF PROQ&M REVISIONS

In August of this year, the Department distributed an information package on the Neighborhood Preservation Balanced Housing Program for public comment. Two public hearings were held, through the League of Municipalities, to facilitate public input. As a result of comments received, the Department has made the following changes to the Program:

- 1) The definition of neighborhood has been expanded to indicate the factors that comprise an eligible neighborhood.
- 2) Targets or goals have been established for the Program. Specifically, the Department will seek to allocate approximately 25 percent of the funds to produce housing for "at risk" (elderly, handicapped, single-parent families) population sectors. The Department will also seek to allocate 75 percent of the funds to urban communities and of that 75 percent, 15 percent will be targeted to cities participating in the State's Enterprise Zone Program.
- 3) The threshold criteria (minimum requirements for funding) have been relaxed. Language requiring a mix of bedroom types has been deleted. In addition, the Department has deleted language requiring a clear commitment of all financing and a demonstrated administrative capacity to complete the project. Finally, a municipality that has accepted a court approved settlement on any exclusionary zoning litigation need not submit a resolution of participation, in accordance with Section 9 of the Fair Housing Act, with its application.
- 4) The competitive criterion "Range of Affordability" has been expanded to encourage homeowner contributions of downpayments to be no more than 10 percent; to provide standards related to affordability that link bedroom size to household size; and to clarify that the Department will encourage applicants to reduce utility costs by utilizing extra insulation, landscaping, and energy efficient technologies.
- 5) The competitive criterion, "Efficiency of Total Public Subsidy" has been replaced by a "Cost Containment" factor. The Department had received numerous comments that the "Efficiency of Total Public Subsidy" seemed to indicate that the Department was discouraging municipalities from participating in the subsidy of proposed housing units. This was not the intent at all. Due to this confusion, we have introduced the concept of cost containment. The Department will reward projects that are successful in reducing total project costs. In other words, cost efficient projects that minimize the need for public subsidy will be encouraged.
- 6) The competitive criterion, "Date of Delivery" has been renamed "Ability to Deliver Units" and expanded to indicate that the Department will favor municipalities that have demonstrated progress toward project implementation by controlling land, developing subdivision and/or site plans, receiving approvals, receiving

financing cannitments, etc.

- 7) . In order to encourage housing for a diversity of household sizes, the Department has added a factor that encourages municipalities to develop applications with a diverse bedroom mix. Thus, projects are encouraged to contain a mix of efficiency units as well as one, two, three and, even, four bedroom units.
- 8) . The Department will visit each neighborhood and incorporate the results of this field visit in its evaluation of applications. The focus of this field evaluation is in the "Competitive Criteria¹*" section.

THE NEIGHBORHOOD PRESERVATION BALANCED HOUSING PROGRAM

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS

DIVISION OF HOUSING AND DEVELOPMENT

OCTOBER 10, 1985

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OVERVIEW

The Fair Housing Act of 1985 (P.L. 1985, Chapter 222) provides a legislative response to the New Jersey Supreme Court Mount Laurel I and Mount Laurel II rulings. The Act establishes "in but not of the Department of Community Affairs" a Council on Affordable Housing and creates a system whereby municipalities can voluntarily develop and submit fair share housing plans to the Council. Once such a plan is approved and certified by the Council, the participating municipality's housing plan and associated ordinances will be granted a "presumption of validity" in any future exclusionary zoning case.

The Act contains a provision which will allow a municipality to transfer up to 50 percent of its fair share to a voluntary receiving community. The Act also allows a municipality to phase in its fair share over a period which may, in some cases, exceed 20 years. Although no municipality will be required to participate in the affordable housing program, the Act requires every municipality to adopt a housing element with its master plan.

The Fair Housing Act and its companion legislation, A-3117 (P.L. 1985 Chapter 225) provide approximately \$125 million to assist municipalities to develop low and moderate income housing. The New Jersey Housing and Mortgage Finance Agency will be responsible for administering \$115 million of these allocations. At least \$100 million will be derived from the set-aside of 25 percent of the Agency's bond revenues. An additional \$15 million will come from an appropriation from the General Fund. Ten million dollars (two million from the General Fund and approximately eight million from a scheduled increase in the realty transfer tax) is allocated to DCA's Division of Housing and Development for the establishment of a "separate Neighborhood Preservation Nonlapsing Revolving Fund."

The Act requires that the Department award grants or loans from this fund to "municipalities whose housing elements have received substantive certification from the Council, to municipalities subject to builders remedy as defined in section 31 of (the) act or to receiving municipalities in cases where the council has approved a regional contribution agreement and a project plan developed by the receiving municipality." During the first 12 months, the Department may assist affordable housing programs in any municipality "provided that the affordable housing program will meet all or part of a municipal low and moderate income housing obligation." The Act also requires that the Department "assure that a substantial percentage of the loan or grant awards shall be made to projects and programs in those municipalities receiving State aid pursuant to P.L. 1978, c. 140."

This separate program, available to all New Jersey municipalities, will be based on, but distinct from, the existing Neighborhood Preservation Program which was established in 1975 by the Maintenance of Viable Neighborhoods Act (P.L. 1975, Chapter 248). In its 10 years of operation, the Neighborhood Preservation Program has provided financial and technical assistance to approximately 70 municipalities to preserve "threatened but still viable neighborhoods."

The success of the program has been its ability to leverage private and other public dollars through the establishment of a partnership between local residents, lending institutions and State and local governments. The existing Neighborhood Preservation Program will continue independent and unchanged by the new Neighborhood Preservation Balanced Housing Program.

This document contains the guidelines for the establishment and operation of the Neighborhood Preservation Balanced Housing Program. Particular emphasis is given to the program's first year. In subsequent years the Department will review and, if necessary, modify this program in order to ensure that it remains responsive to State housing needs as determined by the Council on Affordable Housing (the Council) and participating municipalities.

For further information about the Neighborhood Preservation Balanced Housing Program, **please** call the Department at (609) 292-7906 or write to:

Stuart L. Bressler, Chief
Bureau of Housing and Community Development
240 West **State** Street
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Trenton, NJ 08625-0806

ELIGIBLE APPLICANTS

In accordance with Section 20.a. of the "Fair Housing Act" eligible applicants will be "municipalities whose housing elements have received substantive certification from the Council,... municipalities subject to builders remedy (and) ... receiving municipalities in cases where the Council has approved a regional contribution agreement."

Because of the length of time needed to establish the Council and for it to develop guidelines and procedures. Section 20.c. of the Act provides that during the first twelve months the Department may fund any municipality "provided that the affordable housing program will meet all or part of a municipal low and moderate income housing obligation."

Thus, the Department will only entertain applications from municipal governments. A municipality may include private developers and/or non-profits as part of its application. However, the Department will contract with the municipality.

ELIGIBLE NEIGHBORHOODS

The purpose of the Neighborhood Preservation **Balanced** Housing Program is to create **standard housing units** in viable **neighborhoods**. The program will **operate in existing neighborhoods where there are** opportunities to add **housing units** through construction of in-fill housing, rehabilitation of **substandard and vacant** units, creation of accessory apartments, or adaptive reuse of **abandoned structures**.

A neighborhood can be defined as an area which is recognized as a distinct entity by virtue of certain factors, such as: **definite** boundaries, natural or manmade; **history; architecture; facilities which attract** people within a **certain radius; or a shared sense of identity or social cohesion**. This definition is **designed to be broadly applicable to neighborhoods in urban, suburban, and rural communities**.

The litmus test for an eligible neighborhood is that it must be viable and stable after the implementation of the **proposed project**. This is important to the Department as well as to the financial institutions (**banks, mortgage insurers**) that will also be making investment decisions regarding the viability of a project. The neighborhood should be a **manageable** size so that there can be **visible impact and a positive effect** rather quickly. Ideally, the target area will be one in which the **available resources match** the problems to be addressed, assuring **solid evidence of accomplishments**. If a municipality chooses to submit an application for a project in a severely distressed neighborhood, therefore, it will have to **leverage** considerable additional resources in order to **stabilize the neighborhood and have** the desired impact.

It is the Department's intent to allow a **great deal of flexibility** in selecting **neighborhoods** and to encourage the **types of public-private** partnerships that have made the current **Neighborhood Preservation Program** a success.

ELIGIBLE ACTIVITIES

Eligible activities are specified in Section 20.d. of the Act. These are:

- (1) Rehabilitation of substandard housing units occupied or to be occupied by low and moderate income households;
- (2) Creation of accessory apartments to be occupied by low and moderate income households;
- (3) Conversion of nonresidential space to residential purposes provided a substantial percentage of the resulting housing units are to be occupied by low and moderate income households;
- (4) Acquisition of real property; demolition and removal of buildings; or construction of new housing that will be occupied by low and moderate income households; or any combination thereof;
- (5) Grants of assistance to eligible municipalities for costs of necessary studies, surveys, plans and permits, engineering, architectural and other technical services, cost of land acquisition and any buildings thereon, and cost of site preparation, demolition and infrastructure development for projects undertaken pursuant to an approved regional contribution agreement;
- (6) Assistance to a local housing authority, nonprofit or limited dividend housing corporation or association for rehabilitation or restoration of housing units which it administers which:
 - (a) are unusable or in a serious state of disrepair;
 - (b) can be restored in an economically feasible and sound manner; and
 - (c) can be retained in a safe, decent and sanitary manner, upon completion of rehabilitation or restoration; and
- (7) Other housing programs for low and moderate income housing including infrastructure projects directly facilitating the construction of low and moderate income housing not to exceed a reasonable percentage of the construction of the low and moderate income housing to be provided.

For any eligible activity which does not specifically require 100 percent occupancy by low and moderate income households, the Department will consider funding only if the project includes a substantial percentage of low and moderate income units. For the purposes of this program, a substantial percentage will be a percentage which is larger than 20 percent. Although the Department will consider waiving this eligibility requirement for non-profit entities, generally, it will only allocate funds for those low and moderate income units representing the increment in excess of the 20 percent requirement.

For Activity Number 1, the Department will consider a unit to be substandard if health and safety code violations exist and if abating those code violations requires that one or more of the major systems, i.e., roof, electrical, plumbing and heating, must be replaced. In multiple dwelling buildings, the rehabilitation activity must result in the entire building being free of code violations.

In order to measure eligibility, a municipality may use HUD Section 8 Existing Program Housing Quality Standards, or its own housing code if it is at least as stringent. Lack of stove, oven and refrigerator will not be considered code violations and are deleted for the purposes of this program.

STRUCTURING A MUNICIPAL HOUSING PROGRAM

Given the activities eligible for funding under the Neighborhood Preservation Balanced Housing Program, each municipality must structure a program that creates low and moderate income housing. There are many ways that this can be done and each municipality is encouraged to do whatever is necessary to deliver the required housing. The Department offers the following list of concepts, for illustrative purposes only, which a municipality may employ in various combinations in developing a competitive application:

- 1) Rezone areas of land for high densities;
- 2) Donate land for the creation of housing;
- 3) Utilize cost-saving housing technology (i.e. modular housing);
- 4) "Fast track" the processing of development applications;
- 5) Modify development standards for low and moderate income projects;
- 6) Develop lease-purchase housing projects for new construction;
- 7) Develop projects that utilize Neighborhood Preservation Balanced Housing Program money for:
 - a. land acquisition and/or site improvements
 - b. closing cost assistance
 - c. interest rate reduction
 - d. principal reduction

This list is not meant to be exclusive. The Department's subsidy may be used in any number of ways. The most important consideration is the delivery of low and moderate income housing units in viable neighborhoods.

Applicants are encouraged to obtain permanent financing through the Housing and Mortgage Finance Agency. Low cost mortgage financing provided by HMFA is seen as a valuable resource in producing below market housing. Municipalities should coordinate their applications to the Balanced Housing Program with their applications to HMFA for mortgage financing. In addition, municipalities should investigate financing from private lenders and any other available programs to provide an optimal financing package.

DISTRIBUTION OF FUNDS (GOALS)

In addition to the funding criteria discussed in these guidelines, the Department will consider the following goals when reviewing applications:

- 1) Due to the special housing needs of certain, "at-risk", population sectors — including the elderly, handicapped and single-parent families — the Department will solicit and encourage applications which address the housing needs of these sectors, it is a Department goal that these sectors annually receive a number of new housing units proportioned to their percentage of the low and moderate income population or the State as a whole. As a general guideline, the Department will seek to allocate approximately 25 percent of the funds in the program, each year, to produce new housing units for these "at-risk" population sectors.
- 2) Given the specific statutory language of the enabling legislation creating and authorizing this program, and given the special housing needs of the State's urban communities, the Department will solicit and encourage applications from the State's urban communities. The Department's goal is to annually direct approximately 75 percent of the funds in the program to urban communities.
- 3) Due to the special housing needs being generated by the early successes of the State's Enterprise Zone Program in selected cities, and recognizing the desirability of linked public policies matching development and housing programs, the Department will solicit and encourage applications addressing the housing needs in designated Enterprise Zone cities. The Department's goal is to have 15 percent of the units produced annually under the program constructed in Enterprise Zone cities.
- 4) According to the provisions of Section 20.d. of the Fair Housing Act, the Neighborhood Preservation fund shall be "targeted to regions based on the region's percentage of the State's low and moderate income housing need as determined by the Council."

In the absence of a Council determination, the Department will adopt the regions delineated in Mount Laurel U Challenge and Delivery of Low-Cost Housing by the Rutgers Center for Urban Policy Research. These regions are in keeping with the statutory definitions and it is intended that funding through the Neighborhood Preservation Balanced Housing Program be distributed accordingly.

The distribution targets which follow reflect the portion of each region's present need plus 1990 prospective need as defined in the Rutgers publication.

Percentage Distribution of fund by Region

<u>Region</u>	<u>Counties</u>	<u>Percentage of Total Fund</u>
1	Bergen, Hudson, Passaic	23
2	Sussex, Union, Morris, Essex	17
3	Hunterdon, Middlesex, Somerset, Warren	12
4	Monmouth, Ocean	19
5	Burlington, Camden, Gloucester, Mercer	19
6	Atlantic, Salem, Cape May, Cumberland	10

FUNDING CYCLES AND APPLICATIONS PROCEDURES

Program Schedule

Program Development Assistance	October 15, 1985 to January 31, 1986
Application Submittal	October 15, 1985 to January 31, 1986
Application Review	February 1, 1986 to March 31, 1986

Application Procedures

The Department will use a combination single cycle and revolving cycle funding mechanism. The process will work as follows:

- a. Applications from each of the six regions will be accepted on or before January 31, 1986.
- b. Applications which meet the threshold criteria as defined under "funding criteria" will be rated competitively to establish a rank order within each region.
- c. Applications which are determined to be fundable, based on threshold and competitive criteria, will be allocated funding:
 - 1 . Immediately, if the project is ready to proceed;
 - or
 - 2. Conditionally, if the project is not ready to proceed.
- & Conditional commitments may exceed the total amount of funds available and will be honored on a first come-first served basis as projects become ready. Conditional commitments will be subject to the availability of funds.
- e. Following the initial allocations, appropriated money remaining unallocated from any of the regions will be combined into a single fund
- f. Any projects remaining which are unfunded but meet the criteria will be funded out of the single. Statewide fund according to the process outlined in steps b. through d.
- g. Following the first round, the Department will adopt revised funding criteria and accept applications on a continuing, revolving cycle.

- h. Applications from the revolving cycle which meet the funding criteria will be funded, regardless of region, on a first come-first served basis, according to steps c. and d., as funds become available.
- i. Any money returned to the Neighborhood Preservation fund as a result of non-performance will be reallocated Statewide.

Limits on the Number of Applications per City

The Department will not impose a limit on the number of applications a municipality may submit except that no municipality may apply for more than one scattered-site rehab type project in any one year. Also, in order to ensure the equitable distribution of funds, a mechanism will be built into the application review system which will favor projects from municipalities which have not been previously funded

Maximum Amount of Awards

The maximum award for one application will be \$350,000 per funding year. The Department will consider waiving this limit for compelling reasons. However, no waiver will be considered for neighborhood scattered-site rehab projects.

Multi-Year Commitments

It is possible that a municipality may be able to develop an on-going program to produce low and moderate income housing. In fact such a program may be necessary due to the magnitude of its fair share and the limitations of its resources. In such situations where there appears to be an on-going commitment of resources, the Department will consider multi-year commitments. In effect, the Department will reserve funds for a given municipality contingent on satisfaction of prearranged conditions.

How to Apply

Applications will be mailed to all 567 municipalities in accordance with the program schedule. Completed applications and required documentation will be returned to the Department of Community Affairs, Grant Control Unit, Office of Program Analysis.

FUNDING CRITERIA

The Department has developed two sets of criteria to evaluate applications during the initial, competitive portion of the funding cycle. The first are threshold criteria which will be used to determine the eligibility of the proposed project. The other are competitive criteria which will be used to rank the applications.

Upon completion of the competitive phase, the Department may reevaluate both sets of criteria in terms of the applications received and develop a new set of threshold criteria to qualify applications during the revolving cycle. At such time as the Affordable Housing Council is operational, these criteria may be further modified to be responsive to certified housing plans and approved regional contribution agreements.

Threshold Criteria

Low/Moderate Income Split

Recognizing that the needs of low income households must be addressed, the Department will require that a percentage of all "Mount Laurel units" be devoted to low income households. Thus, during this first year of the Neighborhood Preservation Balanced Housing Program we will require as a threshold that at least 50% of the units be affordable to low income households.

As defined by the Fair Housing Act, low income housing is housing affordable to households earning a gross income of 50 percent or less of the regional median, adjusted for household size. Moderate income housing is housing which is affordable to households earning 50 to 80 percent of the regional median, adjusted for household size.

Screening Beneficiaries

The applicant must provide a plan to ensure that the required percentage of the program's beneficiaries are low and moderate income. This plan must include documentation showing that the units will be affordable to the targeted income group, assuming a reasonable downpayment and 28 percent of income devoted to principal, interest, taxes, insurance and condominium fees, if applicable. Rental units must be affordable to the targeted income at 30 percent of income. For the purposes of this Program, a reasonable downpayment by the homeowner is considered one of between five and ten percent.

Maintenance of Affordability

The municipality must provide a plan for assuring that the unit remains affordable and occupied by low and moderate income households. A municipality may adopt its own controls which will be subject to Department review and approval, or it may request that the Department assume the responsibility.

Control of Land

The Department will fund only the projects which can reasonably be expected to be constructed in the near future. This does not mean that all financing commitments must be in place. It does mean that the municipality or the developer chosen by the municipality must control the site. Typically such control is in the form of a contract deed or an option to buy. Other forms of control will be evaluated to determine if they are acceptable.

Resolution of Participation

During the first year of the program, applicants will be required to pass a resolution of participation in accordance with Section 9 of the Fair Housing Act. In subsequent years, the Program can fund only those municipalities which have received substantive certification from the Council. This requirement for first year applicants is consistent with that long range limitation. The requirement will not apply to an applicant who has "accepted a court approved settlement on any exclusionary zoning litigation."

In other words a municipality that is not appealing a court approved settlement need not include a resolution of participation as part of its application, but should include a copy of that settlement.

Documenting Neighborhood Conditions

All applicants will provide a description of the neighborhood in which the proposed activities will take place. Applications for scattered-site, neighborhood rehabilitation projects will be required to include additional evidence that: a) there is sufficient need for the project; and b) the resources committed to the project are commensurate with the need. Documentation of need may include census data, income surveys and exterior surveys. The Department will conduct site visits in order to verify the appropriateness of the project.

Although the above will serve as justification for funding a project, prior to the disbursement of funds, grantees will be required to provide additional evidence and certification that each unit funded is substandard, as defined under "Eligible Activities," page 5.

Competitive Criteria

The competitive criteria will be used to rank those applications which have met the required thresholds. There will be two categories of competitive criteria: those which are project specific; and those which indicate community need. In evaluating applications the Department will place primary emphasis on project specific factors.

Project Specific Criteria

1. Range of Affordability - Although we have established as a threshold criterion that at least 50 percent of the units must be affordable to low income households, we will give a competitive advantage to any project which provides an increased range of affordability. This range can be increased either by providing a larger percentage of low income units or by making the low and moderate income units affordable to households making less than 50 or 80 percent of median. Thus, all other things being equal, a project which initially provides units affordable to households at 40 percent of median and 65 percent of median will be funded before one which provides units at 50 and 80 percent of median.

In evaluating range of affordability, the Department will consider a unit affordable if the monthly rent (excluding utilities) is less than or equal to 30 percent of an income eligible household's annual gross income. Owner-occupied units are affordable if the monthly carrying costs, including principal, interest, taxes, insurance and condominium fees do not exceed 28 percent of an eligible household's gross income.

As a general rule, the Department encourages homeowner contributions for downpayments to be at least 5 percent and no more than 10 percent. Applications that require less than ten percent will be given a competitive advantage. Similarly, applicants that require larger downpayments will be rated low on this criterion. In addition, the Department encourages fixed mortgages.

Bedroom mix will also be a factor in determining affordability. Efficiency units must be affordable to one person households. One bedroom-units must be affordable to two person households; and two bedroom units must be affordable to

a household of three. A three bedroom unit must be affordable to a household of five; and four bedroom units must be affordable to a household of seven. HUD regional median income guidelines by household size will be used to determine affordability.

By way of example, let us examine a two bedroom moderate income unit in New Brunswick. This unit must be affordable to a three person household. Using HUD guidelines, a moderate income three person household may earn as much as \$24,300 and remain income eligible. Thus a two bedroom rental unit, is affordable at a monthly rent of \$608 ($\$24,300/12 \text{ months} \times .30$). As an owner occupied unit, it is affordable, if, after a reasonable downpayment, the principal, interest, taxes, insurance and condominium fees total \$567 or less ($\$24,300/12 \text{ months} \times .28$). Applications that propose units priced below eligibility ceilings, such as the one in our example, will be favored.

When measuring affordability, it is important that a unit be inexpensive to maintain. Thus, the Department will reward applications that employ design factors and construction features that reduce utility costs. Applicants are encouraged to develop projects that utilize extra insulation, landscaping, passive solar and other energy conservation technology. The Department will require that any claimed utility savings be documented by the local utility company.

2. Efficiency of Subsidy - The Department will evaluate proposed projects based on the ability of the Neighborhood Preservation subsidy and on the ability of the municipality to contain costs. Recognizing the scarcity of public resources, the Department seeks to maximize private sector participation. It is not our intent to promote the construction of poor quality units or to encourage programs which address only the upper limits of the low and moderate income range. However, it is our goal to promote the greatest possible public benefit by using Department funding to house as many low and moderate income families as possible.
 - a. In general, a Neighborhood Preservation subsidy will be measured in terms of standard low and moderate income bedrooms created per \$1000 Neighborhood Preservation subsidy. The reason for using bedrooms per dollar rather than units per dollar is to encourage applicants to address a variety of household types. However, in the case of projects that rehabilitate occupied units, it is not necessary to address a variety of household types. It is necessary to address the needs of the household occupying the unit. Therefore, in such cases, the Department will measure the efficiency of its subsidy in housing units per \$1000 of Neighborhood Preservation money.

b. Cost containment will be an important factor in evaluating applications. Municipalities are encouraged to reduce construction costs by proposing smaller units; employing modular technology; developing quality, yet less expensive, development standards for low and moderate income projects; and expediting municipal review of development applications. The intent of this review factor is to encourage applicants to develop affordable housing to eligible income groups without massive public subsidies. Therefore, applicants should be aware that the Department will review total project costs with an eye toward cost containment strategies.

3. Ability to Deliver Units - The Department will favor those applications which appear most ready to proceed. In evaluating this factor, the Department will be favoring applications where land is controlled, infrastructure is available, development plans have been submitted, approvals have been received, a developer has been selected, housing units have been designed and financing has been committed. In addition applications involving people experienced in delivering housing will have an advantage.

It should be noted that the Department will fund or commit money to applicants that are not ready to build. In fact, the Department anticipates that most applicants will not be ready to commence construction or rehabilitation at the time of application. However, the Department will favor applicants who are most ready to build.

4. Bedroom Mix - The Department will favor projects that contain units sized to the proportional needs of the households within the municipality. In determining the approximate mix of bedrooms, the Department will analyze the 1980 Census delineation of household sizes within the municipality and compare it to the proposed bedroom mix.

As as been indicated, it is important for applicants to design cost efficient units. One way to do so is to reduce the size of the units. However, it is important to the Department that units be realistically sized. The Department encourages flexibility but will expect that bedrooms be "large enough to hold a bed."

5. Field Visit - The Department will visit the neighborhood designated by the applicant to determine if the proposed project will result in a viable and stable neighborhood. Department staff will be examining the viability of existing structures, the condition of existing infrastructure, the availability of open space and recreational areas, the adequacy of parking, the availability of commercial areas and

the commitment of the municipality to implement the proposed project quickly. The staff will use this site visit as an indicator of the proposed project's viability and impact.

Community Need Criteria

1. Community Need Index - The Department will use the State Community Need Index, a compilation of eight variables used as surrogates of municipal distress. The resulting index represents an index of a municipalities need in relation to all other municipalities in the State. Use of this index will favor urban aid cities and non-urban aid cities which lack the necessary resources to fully address their housing need.
2. Mount Laurel Need - Neighborhood Preservation funding will be targeted to those municipalities with the largest Mount Laurel need as of 1990. Until need determinations are certified by the Council, the Department will use data available through Rutgers for measuring this need.
3. Urban Aid Bonus - In order to further meet the legislative requirement to favor urban aid cities the Department will use urban aid as a tie breaker. Thus, urban aid applications will be funded prior to consideration of equivalent non-urban aid applications.

AFFORDABILITY CONTROLS

In accordance with the Fair Housing Act of 1985, any housing unit funded by the Division must include guarantees that it will be inhabited or occupied by income qualified households for a period of up to 20 years. This includes existing units occupied by income qualified households which will be rehabilitated to standard conditions. The following represents the proposed approach of the Division to affordability controls.

- 1) An indexed approach similar to those employed by the courts will be utilized. We will use annual HUD median income data as the basis of an index.
- 2) The base price of the unit for owner-occupied housing will always be the original sales price.
- 3) Sellers of controlled units must sell to income qualified buyers at the index price. If, given a reasonable period of time, no buyer can be found, the seller may sell to any buyer within the limits of the controlled price. Upon notification of intent to sell, the municipality or a non-profit established to monitor "Mount Laurel units" may exercise an option to purchase the unit.
- 4) Foreclosure situations will result in a termination of resale controls. In such a situation the Division will recapture most or all proceeds exceeding the mortgage, other liens, assessments, fees, etc.
- 5) The Division will provide a service in locating income qualified buyers. A fee will be charged to the eventual buyer for services rendered
- 6) Guidelines will be issued regarding capital improvements eligible for reimbursement. In general, the Division will approve those capital improvements that:
 - a) render the unit more livable to the handicapped;
 - b) are permanently attached and health or comfort related;
 - c) reduce the monthly utility costs; or
 - d) render the unit suitable for a larger household.

Municipalities may elect to have the Division take responsibility for administering their affordability controls; or they may elect to administer their own program. However, the Department must approve any affordability controls developed and administered by a municipality.

It should be noted that The Fair Housing Act allows the Department to approve affordability controls "for a period of less than 20 years where necessary to ensure project feasibility." Municipalities, requesting controls of less than 20 years must document that 20 year controls render the proposed project economically infeasible. The Department anticipates that it will rarely exercise its options to reduce the period of mandated affordability controls in the case of new construction or new units created through conversion or rehabilitation of vacant structures.

In the case of scattered site rehabilitation programs the Department will consider waiving resale controls for owner occupants who have lived in the unit for at least five years. In these instances the Department will require that any grants or loans awarded to these homeowners be repaid with interest if the property is transferred within five years. Money thus recaptured can be used by the municipality to assist other eligible households in securing standard housing units.

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