



NATIONAL HOUSING TRUST FUND PROGRAM FFY 2021

**STATE OF NEW JERSEY
GOVERNOR, PHILIP D. MURPHY
DEPARTMENT OF COMMUNITY AFFAIRS
LT. GOVERNOR, SHEILA Y. OLIVER - COMMISSIONER**

NHTF Summary



2

NHTF was created by Section 1131 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289). Section 1131 amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) to add a new section 1337 “Affordable Housing Allocation” and a new section 1338, “Housing Trust Fund”. HUD published interim rule for NHTF on January 30, 2015. The rule, codified at 24 CFR Part 93, establishes both the program requirements and the formula for allocating grant funds to States. These interim rules are available to the public at website:

<https://www.gpo.gov/fdsys/pkg/FR-2009-12-04/pdf/E9-28984.pdf>

HUD/NHTF Rules and Regulations



3

- Regulatory Authority 24CFR Part 93
- Subject to additional guidance provided by HUD
- 100% for extremely low-income households, at or below 30% of the HUD median
- Affordability Minimum – 30 years
- Eligibility Rehabilitation: Section 105(a)(4) HCDA,
New Construction: FR-5696-N-01(VI)(B)(28)
- Extensive information available on HUD's website –
www.hud.gov

NHTF Program Objective



4

NHTF provides funding to increase and preserve the supply of decent, safe and affordable housing for extremely low-income households, including special needs and homeless families.

Eligible Applicants



5

- Non Profit and For Profit Affordable Housing Developers that demonstrate strong financial, organizational, and development capacity.



Eligible Projects

6

- ❑ Rental housing
- ❑ Acquisition and Renovation (Moderate Rehabilitation)
- ❑ Acquisition and Reconstruction (Substantial Rehabilitation)
- ❑ Acquisition and New Construction
- ❑ If currently a rental property it must be vacant at time of application.
- ❑ If currently a single family owner occupied property, vacancy is assumed upon purchase.



Target Population

7

- In order to achieve the State's goals in preventing and reducing homelessness and in providing affordable housing for people who are most vulnerable, including those with disabilities or other special needs, DCA will award only those projects that will provide housing to extremely low-income individuals and families with special needs.

The definition of special needs includes:



8

- Heads of households with mental illness
- Heads of households with physical or developmental disabilities
- Heads of households who are victims of domestic violence
- Youth aging out of foster care, runaway and homeless youth
- Individuals and families who are homeless
- Disabled or homeless veterans
- Heads of households with HIV/AIDS
- Head of households who are re-entering the community after incarceration in a correctional facility

Vacant



9

- A residential lot or structure that is not occupied at the time of application (except single family homeowner units) and is held vacant until a release of funds is received from HUD as a result of a completed Environmental Review

Threshold Requirements



10

Project Threshold Requirements

- ❑ Project must not require any municipal, county, regional or state approval beyond a construction permit
- ❑ All financial sources must have written commitments
- ❑ Project must be able to be completed within two (2) years
- ❑ No project can contain more than 4 NHTF units
- ❑ Projects must not be located in a floodplain or environmentally sensitive area
- ❑ The project units must be considered permanent housing, and no aspect of the lease can be contingent upon receiving social services
- ❑ At least a 1.20 Debt Coverage Ratio
- ❑ Grantees' developer fee must not exceed 5% of the project total development cost

Required Application Submittals

- ❑ Articles of Incorporation
- ❑ Certificate of Good Standing
- ❑ Proof of site control (Deed, Contract of Sale, Option Agreement, etc.)
- ❑ Original Sealed Resolution of support from the Board

Overall Maximum Subsidy



11

- Per unit subsidy based on bedroom size
- Maximum award per project is \$700,000.

Maximum Subsidy Per Unit



12

Unit Size	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom or above
Maximum Per-Unit Subsidy	\$175,000	\$250,000	\$300,000	\$350,000	\$400,000

NHTF subsidy is provided as gap financing. The project underwriting and application review will consider all other funding sources, i.e. permanent private mortgages, equity and other subsidies that are available to the project.

PROJECT BASED VOUCHERS

- Due to the extremely low income population being served by the NHTF all projects will be awarded Project Based Vouchers.



Affordability Parameters

14

- **Occupants** - All units must be rented to households earning less than 30% of the area median income as defined by HUD
- **Period** - Units will be restricted for a minimum of 30 years
- **Funds** - will be provided in the form of a zero percent, non-amortizing loan with the term being coterminous with the length of the deed restrictions.
- **Rents** – The tenants' portion of the rent must not exceed 30% of their gross income



Eligible Hard Costs

15

- Acquisition of land (for a specific project) and existing structures — Appraised value or purchase price whichever is less
- Site preparations or improvements, including demolition
- Securing of buildings
- Construction materials and labor
- Builder's overhead, profit and general conditions
- Builder's risk insurance
- Permit fees

Eligible Soft Costs



16

- ❑ Financing fees
- ❑ Title binders and insurance
- ❑ Surety fees
- ❑ Recordation fees and transaction taxes
- ❑ Legal and accounting fees, including cost certification
- ❑ Appraisals
- ❑ Construction period holding costs (insurance, property taxes, utilities, maintenance)



Eligible Soft Costs (cont.)

17

- Architectural/engineering, specifications, fees and job progress inspections
- Environmental reviews
- Developers' fees, maximum 5%
- Affirmative marketing and other costs related to marketing and sale, including market study
- Transactional costs associated with sale and closing
- Real estate commissions



Ineligible Activities

18

- ❑ Project reserve accounts
- ❑ Development, operations or modernization of public housing
- ❑ Project or tenant based rental assistance
- ❑ Payment of delinquent taxes, fees, fines or charges
- ❑ Condominiums/Homeowner Associations, Congregate/Shared Housing, Mobile Homes or Single Room Occupancy (SRO)
- ❑ Mixed use or mixed income projects
- ❑ Acquisition without development



Ineligible Activities (cont.)

19

- Currently occupied rental units
- Homeownership projects
- Projects that are currently or anticipate receiving other DCA or NJHMFA funding. i.e. Balanced Housing, HOME, CDBG, LIHTC, SNHTF, etc.

Duplication of Benefits



20

- The NHTF funds are being provided as gap financing and are not to be used to replace other private or public funding that is available or committed to the project.

Federal Requirements



21

- Environmental Review
- Section 3
- Handicapped Accessibility, Section 504
- Lead Based Paint
- Affirmative Marketing

Federal Requirements (cont.)



22

□ Environmental Review

Grantees awarded funding must comply with all requirements of the National Environmental Policy Act of 1969 (NEPA). Grantees are prohibited from making any choice-limiting actions prior to NJDCA and HUD approval of the Environmental Review. NJDCA will require the completion of a full environmental review by the grantee prior to ANY acquisition or development activities on the prospective project site.

Federal Requirements (cont.)

23

- **No Choice-Limiting** activities prior to environmental clearance per 24 CFR 58.22.-limiting activities include but are not limited to these examples:
 - 1). Acquisition
 - 2). Closing on loans including loans for interim financing
 - 3). Signing of a construction contract
 - 4). Construction activity

NOTE: Choice-Limiting Activity will result in loss of award.

Acquisition/Site Control



24

- **Property owned prior to application:** Any ongoing construction must stop. No activity can take place regardless of funds being used.
- **Site Control for Properties not owned:** Only permissible via Purchase Option Agreement. Agreement must clearly state that the purchase is contingent upon an environmental clearance; and that the property is included in a project that may be receiving Federal funds.

Federal Requirements (cont.)



25

■ Section 3

Section 3 of the Housing and Urban Development Act of 1968 requires that, to the greatest extent feasible, opportunities for training and employment arising from HUD funded programs will be provided to low/very low-income persons residing in Public housing or area in which a HUD-assisted project exist. Also, to the greatest extent feasible, contracts for work of all types to be performed in connection with HUD funded programs will be awarded to Section 3 businesses. EAs are required to track and report Section 3 employment data, and submit any documentation, as required, to DCA.

Section 504 of the Rehabilitation Act of 1973



- *Section 504 at 24 CFR 8.22(a)* require that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Multifamily housing projects are defined at 24 CFR 8.3 as "projects containing five or more dwelling units." Both the individual units and the common areas in the building must be accessible.

Federal Requirements (cont.)



27

Lead-Based Paint

- Projects that involve rehabilitation of properties built before 1978, must obtain a “lead-free” certification from a licensed lead evaluation firm.
- A "Lead-free" certificate documents that there is no lead-based paint on any surface within a building, dwelling unit, or common area.

Federal Requirements (cont.)



28

□ Affirmative Marketing

The proposal must include a plan to affirmatively market the units to households least likely to apply for occupancy, including persons with disabilities, hearing or visual impairments.



Key Items To Remember

29

- ❑ Units must be vacant
- ❑ Site control or option to purchase, with required language
- ❑ Project size limited to 4 NHTF units
- ❑ Project must not require any municipal, county, regional or state approval beyond a construction permit
- ❑ All financial sources must have written commitments.
- ❑ Projects must not be located in a floodplain or environmentally sensitive area
- ❑ Project must be able to be completed within 2 years of award

Key Construction Items to Remember



30

- ❑ All units must attempt to meet HUD CPD Green Building Retrofit Requirements
- ❑ All units must meet DCA NHTF Minimum Housing Rehabilitation Standards
- ❑ All units must have Central Air Conditioning
- ❑ HVAC units must be replaced if 10 years or older or not High Efficiency Type
- ❑ H2O Heaters must be replaced if 10 years or older or not High Efficiency Type
- ❑ Windows and exterior doors must be replaced if 5 years or older
- ❑ Roofing must be replaced if 10 years or older
- ❑ Service panels must be replaced if less than 200 amp
- ❑ Toilets must be replaced with low flow 1.28 gallon
- ❑ All Appliances must be replaced with Energy Star rated
- ❑ All door knobs must be replaced with lever type and grab bars are to be installed in all bathrooms.

Key Construction Items to Remember (cont.)



31

- All Newly Constructed units must meet Energy Star (Tier 2)
- All Rehabilitated units attempt to meet Energy Star (Tier 1 or 3)
- All projects must secure an Architect via contract
- All payments will be reimbursements. Therefore, applicant must secure a Construction Loan, Line of Credit or have other financial resources available

Tenants

- Initial tenant's documentation are sent to NHTF staff for approval the Household meets the specified NHTF population to be served
- Once approved as a NHTF household the application is sent to the Section 8 office for voucher approval and underwriting



Application Scoring Criteria

33

- Neighborhood Criteria - maximum 31 points

(Information obtained from NJHMFA Site Evaluator, SAGE Application link)

- Capacity of Applicant – maximum 26 points
- Merit of Application– maximum 22 points
- Leverage – maximum 6 points
- Other – maximum 15 points
- Maximum Score -100 points

How Do I Apply



34

- The application must be submitted via the Department of Community Affairs' electronic application system known as SAGE.

<https://njdcasage.state.nj.us>

- Attachments must be submitted by hard copy (**2 copies required**) under separate cover.

SAGE RFP ACCESS


35

- Please be reminded that to access the SAGE RFP, the Agency Information in SAGE; “TYPE” must include Other Non-profit Affordable Housing Developers and or Private For-profit Affordable Housing Developers. Your agency type can be edited to include other types but **MUST** have the above to see the NHTF RPF.

Project Development Worksheet



36



National Housing Trust Fund RFP 2017
Log #: 2017-02360-0022
Applicant: Aberdeen Township
Status: Application In Process
Access Level: Read-only

Start Menu | Admin | RFP Menu | Application Menu | User: Albert Rivera | Help | Notes | Logout

Your file upload has been deleted.

[Return to Previous Page](#)

NATIONAL HOUSING TRUST FUND PROJECT DEVELOPMENT WORKSHEET

Check for Errors
* = Required Field

Instructions: Click [HERE](#) for NHTF Project Development Worksheet instructions

Save Clear

Last modified by Gonzalo Mogollon on 10/27/2016 1:41:40 PM

Attachments

NHTF Project Development Worksheet - [Worksheet Template](#)

I will upload this attachment

*

Last modified by Gonzalo Mogollon on 10/27/2016 1:41:40 PM

Save Clear

Powered by IntelliGrants

Copyright 2000-2005 Agate Software

Submission



37

- **Electronic SAGE application and all required attachments must be submitted to DCA**

DEPARTMENT OF COMMUNITY AFFAIRS

National Housing Trust Fund Program

101 South Broad Street, 5th floor

P.O. Box 806

Trenton, NJ 08625

CONTACT

38

James Lordi

Email: james.lordi@dca.nj.gov

Phone: 609-633-6046