

**FUND FOR RESTORATION OF MULTI-FAMILY HOUSING-PUBLIC HOUSING AUTHORITY SET-ASIDE TRANCHE 2 GUIDELINES**

Presented to the Agency Board: November 21, 2014

Revised: October 20, 2016

Revised: March 2, 2017

As a subrecipient of Community Development Block Grant-Disaster Recovery (“CDBG-DR”) funds from the New Jersey Department of Community Affairs (“DCA”), the New Jersey Housing and Mortgage Finance Agency (the “Agency”) has been charged with administration of the Fund for Restoration of Multi-Family Housing – Public Housing Authority (“FRM-PHA”) set-aside. The Agency received a total of \$30 million in FRM-PHA funds - \$20 million under DCA’s initial Action Plan (“Tranche 1”) and an additional \$10 million under Action Plan Amendment 7 (“AP7”). Since the demand for FRM-PHA funds exceeds the amount available under the set-aside, the remaining FRM-PHA funds, which consists of the \$10 million from AP7 and any unused funds carried forward from Tranche 1 (“Tranche 2”), shall be awarded according to the provisions set forth below.

At this time, the application submission deadline has passed and the Agency is no longer accepting FRM-PHA Project applications.

**Funding Priorities and Award Process:** Public housing authority properties seeking FRM-PHA funds to repair units made uninhabitable or that sustained direct damage as a result of Superstorm Sandy (“Direct Damage Projects”) shall be given highest priority for funding under the set-aside. Direct Damage projects shall be presented to the Agency Board for approval in the order in which they are deemed to have satisfactorily completed Section 2 of the FRM-PHA Document Checklist, until such time as funds are depleted. Funding under the set-aside shall be limited to only Direct Damage projects until July 1, 2015. If after July 1, 2015 funds remain in the set-aside, consideration shall also be given to Sandy-impacted public housing authority projects that are seeking funds for resiliency/ mitigation measures (“Resiliency/Mitigation Projects”). Projects remaining in the pipeline after July 1, 2015 shall be presented to the Agency Board for approval in the order in which they are deemed to have satisfactorily completed Section 2 of the FRM-PHA Document Checklist, until such time as funds are depleted.

	<b>FRM-PHA Guidelines</b>
<b>PROGRAM OVERVIEW</b>	FRM-PHA offers subsidies in the form of loans to owners capable of managing large multi-family housing developments. This program will be funded with CDBG-DR monies appropriated pursuant to the Disaster Relief Appropriations Act of 2013 (Public Law 113-2, approved January 29, 2013 (the “Disaster Relief Act”). The Agency will receive the CDBG-DR monies from DCA to provide the necessary resources to support repairs, resiliency and mitigation measures for public housing units damaged by Superstorm Sandy.
<b>1. Eligible Applicants</b>	Public housing authorities capable of developing and managing large multi-family housing developments. This may include development subsidiaries and affiliates of public housing authorities.
<b>2. Eligible Project Locations</b>	Public housing authority projects damaged by Superstorm Sandy (“Sandy”) that are located within any of New Jersey’s 21 counties are eligible to apply for Tranche 2 funding.
<b>3. Eligible Types of Projects</b>	In all cases, eligible projects must be rental projects in which some or all of the units are affordable to low/moderate income households. Rehabilitation of existing, damaged structures or the reconstruction of such units is permissible
<b>4. Threshold Criteria</b>	Applicants must score at least 55 points to be eligible for FRM-PHA subsidy funds: <ul style="list-style-type: none"> <li>• Located within one of the 9 most impacted and distressed counties - 25 points</li> </ul>

	<b>FRM-PHA Guidelines</b>
	<ul style="list-style-type: none"> <li>• Deep Affordability (at least 10% of units are at or below 30% AMI) – 10 points</li> <li>• County/Municipal/Local PHA Support in compliance with N.J.A.C. 5:80-33.15(a)(4)(ii) - 5 points</li> <li>• Minimum of 5% Supportive Housing Units - 10 points</li> <li>• Mixed Income projects with a minimum 20% affordability component and minimum 40% market rate component - 5 points</li> <li>• Rehabilitation or reconstruction conducted without loss of the number of units or the number of bedrooms per unit that existed prior to Superstorm Sandy - 25 points</li> <li>• Properties with displaced residents and/or units that continue to be vacant as a result of damage caused by Superstorm Sandy – 25 points</li> <li>• Leveraging: CDBG-DR requests of \$50,000 or less per CDBG-DR eligible unit shall receive 10 points <b>OR</b> CDBG-DR requests between \$50,001 - \$100,000 per CDBG-DR eligible unit shall receive 5 points</li> </ul>
<p><b>5. Subsidy Loan Amounts</b></p>	<p>Subject to availability of funds.</p> <p>Consistent with CDBG-DR Action Plan Amendment No. 7, the amount of the award will be based on underwriting the gap in the project rather than setting a maximum per amount per unit. Standard Agency Underwriting Guidelines will apply. See the Multi-Family Underwriting Guidelines and Financing Policy.</p> <p>FRM-PHA Tranche 2 subsidy loan amounts will be approved only after documentation of other sources of funding have been identified in accordance with Duplication of Benefits provisions of the federal Stafford Act. CDBG subsidy loan amounts cannot exceed the amount needed after other assistance for the project has been considered. Other assistance includes FEMA, Small Business Administration, insurance, and other assistance received or reasonably expected to be received for the project.</p> <p>Predevelopment loans may be used to determine the feasibility of a proposed project, and may cover development costs such as architect fees; engineering fees; attorney fees and title insurance (at predevelopment loan closing).</p> <p>FRM-PHA Predevelopment loan amounts will be approved after all required documentation has been submitted, reviewed and approved by Agency underwriting staff. Predevelopment loan amounts shall not exceed \$500,000.</p>
<p><b>6. Types of Available Funding</b></p>	<p>All funds for FRM-PHA Tranche 2 funding will be provided to projects in the form of loans.</p> <p><u>Loan types:</u></p> <p>(1) Construction loans</p> <p>(2) Construction loans which convert to permanent financing</p> <p>(3) Predevelopment loans which will roll into permanent financing</p>
<p><b>7. Financing Term</b></p>	<p>Unless otherwise authorized, the financing term of FRM-PHA Tranche 2 loans shall be no longer than 5 years, but in no event shall the term of the FRM-PHA Tranche 2 subsidy loan exceed the affordability period if the affordability period on or remaining on the project is less than 5 years.</p>

	<b>FRM-PHA Guidelines</b>
	Unless otherwise authorized, the financing term of FRM-PHA predevelopment loans shall be no longer than 24 months.
<b>8. Security, Collateral and Lien Status.</b>	<p>Each FRM-PHA Tranche 2 subsidy loan shall be secured by a note and, to the extent permitted by law, a mortgage.</p> <p>A FRM-PHA Tranche 2 subsidy loan may take a subordinate position behind other lenders only if the project is receiving <b>no</b> Agency financing. In the case of projects receiving Agency financing, FRM-PHA Tranche 2 subsidy loans shall be subordinate to all Agency mortgage loans.</p> <p>A FRM-PHA predevelopment loan shall be secured by a note and, to the extent permitted by law, a mortgage.</p>
<b>9. Mortgage Interest Rate</b>	<p>FRM-PHA Tranche 2 subsidy loans provided during construction shall be at a 0% interest rate.</p> <p>FRM-PHA Tranche 2 subsidy permanent loans shall be provided at a 0% interest rate.</p> <p>FRM-PHA predevelopment loan shall be at a 0% interest rate.</p>
<b>10. Repayments</b>	<p>Repayment of an FRM-PHA Tranche 2 subsidy loan for any project shall occur annually and shall equal a forgiveness of 20% of the original principal balance provided the project remains in compliance with FRM-PHA and CDBG-DR requirements.</p> <p>Any FRM-PHA predevelopment loan shall be rolled into the permanent FRM-PHA loan and shall follow the repayment process stated above. If the Project is determined to be infeasible by Agency Staff, the predevelopment loan will be forgiven with no payments due.</p>
<b>11. Other Requirements</b>	The project sponsor shall ensure that the project shall comply with all applicable federal and/or State statutory and regulatory requirements concerning, but not limited to, environmental review, fair housing, the Uniform Relocation Act, Section 3 of the Housing and Urban Development Act of 1968, compliance with the Davis-Bacon Act, as well as all other labor standards provisions, equal opportunity requirements, compliance with the OMB Circular A-87, program income, and other CDBG-DR financial requirements.
<b>12. Other Junior Financing and Subordinate Debt</b>	Projects funded by FRM-PHA Tranche 2 subsidy loans must meet the requirements of the Agency’s Multi-Family Underwriting Guidelines and/or the Low Income Housing Tax Credit (“LIHTC”) program, as applicable.
<b>13. Tenant Income Requirements</b>	Projects funded by FRM-PHA Tranche 2 must meet the requirements of the Agency’s Multi-Family Underwriting Guidelines and/or the LIHTC program, as applicable.
<b>14. Affordability Controls</b>	Any loan agreement entered into for FRM-PHA subsidy funds shall incorporate contractual guarantees and procedures to ensure that any unit of housing provided for low- and moderate-income households shall continue to be occupied by low- and moderate-income households for at least the term of the FRM-PHA subsidy loan.
<b>15. Energy Efficiencies and Green Building Standards</b>	Projects funded by FRM-PHA must meet the requirements of the Agency’s Multi-Family Underwriting Guidelines and/or the LIHTC program, as

	<b>FRM-PHA Guidelines</b>
	applicable as well compliance with ENERGY STAR (for new construction and reconstruction) or HUD’s Community Planning and Development Green Building retrofit checklist (for rehabilitation)
<b>16. Returning Residents</b>	No returning resident duly qualified for public or assisted housing prior to Sandy will be subject to any recertification requirement except continuing household income qualification if required by other applicable federal regulations and assignment to unit with the number of bedrooms if required by the applicable regulations. No household will be denied the right to return hereunder because of a change in household members if the head of household or a majority of members of the pre-Sandy household apply to return but may be required to occupy a unit with the number of bedrooms required by the applicable regulations.
<b>17. Authority to Approve Award of Application</b>	The Agency Board will approve all awards.
<b>18. LEP Marketing</b>	To ensure access to persons with Limited English Proficiency (LEP), all FRM-funded housing shall be marketed in English and the major foreign languages spoken in the county in which the project is located, as indicated in the attached chart.

Note: These guidelines may be amended from time to time due to changes in the New Jersey Department of Community Affairs’ Community Development Block Grant Disaster Recovery Action Plan (“the Action Plan”). Please refer to the Agency’s website for the most current version of these guidelines.