



NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

State and Local Fiscal Recovery Fund (SLFRF)

Frequently Asked Questions (FAQs)

The FAQs are an opportunity to provide Developers and Borrowers with the general guidance regarding the requirements for expenditure of the State and Local Fiscal Recovery Fund Programs (SLFRF). The following programs are under the umbrella of the SLFRF: Affordable Housing Gap Subsidy (AHGS), Affordable Housing Production Fund (AHPF), Affordable Housing Production Fund Set-Aside (AHPFSA), Workforce Housing Program (WHP) and Urban Preservation Program (UPP).

Following is a list of questions that have been sent to the SLFRF mailbox NJHMFA_SLFRF@njhmfa.gov, with regard to the Programs', policies and deadlines. Borrowers are encouraged to check back periodically for updated information. As questions and responses are added, the revision dates will appear at the top of this page and will be included in a different color font.

*Please note that the following information is being provided as **general** guidance on the expenditure of the SLFRF. Each development that has received a commitment of SLFRF has its own unique circumstances. Please be advised that it remains the responsibility of the Borrower to comply with the requirements of the SLFRF Programs and HMFA policies for each development.

PREVAILING WAGE

Q. For purposes of recommitment underwriting, from what date are you looking for us to project prevailing wage construction costs? From 6/1/26, the first threshold in your e-mail below? Or some later date based on our projected completion date and SLFRF closing?

A. The prevailing wage estimates should be calculated beginning on August 1, 2026 through the anticipated construction completion date.

Q. For purposes of actual payment of prevailing wage on construction costs after the project has been recommitted, what is the trigger? Is it based on when certain work is physically completed relative to the date of the SLFRF closing? Or is it based on how the SLFRF funds are used at closing, like payment of an open requisition vs. paydown of a construction loan?

A. Prevailing wage requirements will apply only to construction disbursements tied to work completed after the SLFRF closing.

Q. A project is scheduled to be completed by August. Are you requesting we provide an estimate for prevailing wages from June 1st to August Completion?

A. The prevailing wage estimates should be calculated beginning on August 1, 2026 through the anticipated construction completion date.

Q. A project is scheduled to be completed by October. Are you requesting we provide an estimate for prevailing wages from June 1st to October completion?

A. The prevailing wage estimates should be calculated beginning on August 1, 2026 through the anticipated construction completion date.

USE OF SLFRF FUNDS

Q. Is the expectation for SLFRF proceeds to be used entirely for a partial construction loan paydown? Or will/can a portion of proceeds be used for construction uses and a portion be used for a partial construction loan paydown?

A. The goal is to expend the SLFRF funds as soon as possible. The use of the SLFRF proceeds will vary from project to project. If a project has accrued sufficient construction costs to expend the full amount of the SLFRF funds at the time of closing, a lumpsum payment can be made to pay down the construction loan balance. If the project needs to utilize the SLFRF funds for ongoing construction costs, the funds can be drawn down as expenses accrue.

INSURANCE REQUIREMENTS

Q. Which policy(ies) is the Agency looking to review and approve for an SLFRF closing? For property coverage, for instance, we would expect some projects to have their permanent operating policies in place while other projects could be in a period of transition from the builder's risk policy to their operating policy.

A. If a project is closing on SLFRF funds ONLY- - the Agency will require property coverage. If the project is still under construction the Agency will accept a Builder's Risk policy. If the project is fully constructed, the Agency will require the permanent operating policy(ies).

CHECKLIST REQUIREMENTS

Q. Will an appraisal be required again to go back to the board?

A. No. Appraisal updates will not be required whether the project is being presented to the Board to update the SLFRF form permanent to construction and permanent financing or a full recommitment. The Agency will accept the originally approved appraisal.

Q. Aside from an updated budget, what are you looking for us to provide by 5/1 or 6/12?

A. Ask your credit officer or paralegal for checklist requirements.

Q. Is there an updated checklist that you can share for those projects that will need to go back to the board? Will there be any new requirements not currently listed on the existing checklist that we should be aware of?

A. Ask your credit officer for checklist requirements for a Board Action.

FORM 10 and BUDGET REQUIREMENTS

Q. Should we be switching to a construction and perm form 10? Or will we be utilizing the existing form 10 but including a line item for potential prevailing wages?

A. Developers should use the existing form 10 and include a line item for prevailing wage.

Q. Can we use this opportunity to address other aspects of the project that might need modification, like new sources (e.g., Healthy Homes), rent updates, or expiration dates (especially if we are looking at an SLFRF-only closing first)?

A. If the project's underwriting updates include substantial changes detailed in the question above, the project will require Board approval for a full financing recommitment. This situation will require updated commitment checklist documents.