UNIAP GUIDELINES FOR PART I
PROJECT BACKGROUND INFORMATION

Part I of the UNIAP contains all of the project information required for the Multifamily, Tax Credit, Preservation, and Supportive Housing and Special Needs programs. Below are guidelines for completing the UNIAP. Please fill out pages 1-8 of the UNIAP, and then fill out the subsequent sections that pertain to your particular application.

PROGRAM (S) YOU ARE APPLYING FOR (page 1)
*Refer to program guidelines for more detailed information on each program.

HMFA FINANCING

The HMFA offers three types of loan financing:

1. Construction Financing Only - HMFA offers construction only financing for a) projects being built as a result of a HUD Turnkey Contract from a local Housing Authority with the intention that the Housing Authority will purchase the project upon completion; b) HOPE VI projects; and c) projects in need of a construction bridge loan or a construction only loan.

2. Permanent Financing Only – HMFA provides permanent financing or take-out financing for eligible projects that have received construction financing from a conventional lender. Preservation loans that have permanent financing only may also have a construction escrow for necessary rehabilitation.

3. Construction/Permanent – HMFA provides construction loans that convert into permanent financing.

The advantages of financing with the HMFA include:

- Standard 30-year fixed rate loan (may request a term of less than or greater than 30 years)
- Non-recourse loans
- Competitive interest rates
- Low financing fees
- PILOT under HMFA’s statute
- Minimum debt service coverage ratio of 1.15
- Eligible for New Jersey sales tax exemption on supplies and materials purchased for the construction of the project, when using the HMFA financing during construction
- Convenience of one closing with construction financing rolling over into permanent amortization
HMFA FUNDING SOURCES:

Tax-Exempt Bonds (Volume Cap) - Projects using tax-exempt financing are subject to restrictions under the Internal Revenue Code and applicable U.S. Department of Treasury regulations. These regulations control such things as the low-or moderate-income occupancy requirements as well as the use of the building. The bonds are subject to statewide volume cap.

501(c)(3) Tax-Exempt Bonds - The bonds are an alternative means of financing residential rental projects that avoid many of the restrictions of tax-exempt bonds. The borrower must meet the requirements for a charitable, religious or educational organization under Section 501(c)(3) of the Internal Revenue Code.

Taxable Bonds – The HMFA can issue bonds that are not exempt from federal taxation and utilize the proceeds to fund mortgages. These bonds are generally less restrictive; however, they usually have an interest rate higher than tax-exempt bonds.

Conduit Financing – HMFA can assist developers of affordable rental housing by acting as a conduit issuer of tax-exempt multifamily housing revenue bonds in an effort to further its mission to provide safe, decent and affordable housing for all NJ residents. A conduit issue is generally defined as “the issuance of municipal securities by a governmental unit (the conduit issuer) to finance a project to be used by a third party”, the security for which is “the credit of the conduit borrower or pledged revenues from the project financed, rather than the credit of the conduit issuer. Such securities do not constitute general obligations of the conduit issuer because the borrower is liable for generating the pledged revenues. The conduit program is available to projects for which the Agency’s traditional loans, funded with tax-exempt bonds of the Agency, are less attractive. The Agency reserves the right to defer a developer’s application for inclusion in a conduit issue to a traditional Agency financing program. The bonds shall be limited obligations of the Agency and will not constitute indebtedness of the Agency, nor the State of NJ. The payment obligation of the bonds issued remains the ownership entity of the project (the “Applicant”). In addition, the Applicant procures the added security of credit enhancement. In this type of transaction, bondholders look to the credit enhancement for security, not the Agency’s creditworthiness.

OTHER HMFA MULTIFAMILY LOAN PROGRAMS

Special Needs Financing Programs – These Programs are designed to provide financing to create permanent supportive housing and community residences for individuals with special needs. HMFA has a variety of low-interest finance programs for non-profit and for profit developers and public entities to support the development of permanent supportive housing. Special needs populations include individuals and families that have a wide variety of needs, including individuals and families that are homeless, persons with developmental disabilities, persons with physical disabilities, mental illness, youth aging out of foster care, persons with HIV/AIDS, ex-offenders, victims of domestic violence and other populations that benefit from supportive housing.
Preservation Financing – HMFA provides financing for the preservation of existing deed-restricted affordable multifamily housing.

- Section 8 – check if the project receives HUD Section 8 funding
- Section 236 – check if the project receives HUD Section 236 funding
- Section 202 – check if the project receives HUD Section 202 funding
- Other – please describe program
- Current Mortgage Expiration – please indicate date of expiration
- Interest Reduction Payment (IRP) or Housing Assistance Payment (HAP) Expiration – please indicate date of expiration

LOW INCOME HOUSING TAX CREDITS (LIHTC Program)

The tax credit program was created to encourage the construction or rehabilitation of housing for low-income persons. The tax credit provides a dollar for dollar reduction to offset an owner’s federal tax liability on ordinary income. Tax credit interest may be syndicated or sold to generate equity for the development, thus reducing the amount of mortgage financing. The tax credit frequently provides the last critical element to ensure financial feasibility.

4% Credit (federally subsidized) - Developers using tax-exempt bond financing may be eligible for 4% tax credits provided the project meets the requirements established in the Qualified Allocation Plan and the Internal Revenue Code. The Code establishes, among other things, that 50% of the aggregate basis plus the cost of land must be funded with tax-exempt bond proceeds. The equity generated from the tax credits provides approximately 30% of the funding needed for the project. Applications are accepted on a rolling basis.

9% Credit (non-federally subsidized) – Projects that do not utilize tax-exempt bond financing may be eligible for 9% credits, but must compete for the allocation of these credits. HMFA typically has one competitive round each year in the summer. The equity generated from the sale of tax credits provides approximately 70% of the funding needed for the project.

PROJECT CLASSIFICATION (page 2)

Family: Check this box if any or all of the housing units in your project are non-age restricted.

Senior Citizen: Check this box if the project meets one of the three categories of "housing for older persons" as defined in Section 807(b)(2) of the Fair Housing Act, 42 U.S.C. § 3607, as it may be amended.

1. At least 80 percent of the occupied units in the building are each occupied by at least one person 55 years or older and the property must be clearly intended for older persons as evidenced by policies and procedures that demonstrate the intent that the property be housing for older persons (55+);
2. All the residents are 62 or older; or
3. Housing that the Secretary of Housing and Urban Development has designated as housing for older persons.
Nonprofit Sponsored: Check this box if the general partner of the project meets the definition of “qualified nonprofit organization” under the New Jersey Qualified Allocation Plan and Section 42(h)(5)(B) of the Internal Revenue Code. (For definitions refer to the Qualified Allocation Plan for Low Income Housing Tax Credits.)

Scattered Site Single Family: Check this box if your project is providing single family homes over a number of scattered sites.

Scattered Site Duplex: Check this box if your project is providing duplex homes over a number of scattered sites.

Supportive Housing: Check this box if all or a certain number of units within the overall project are going to be designated for supportive housing.

Market: Check this box if a portion of the housing units in your project will be priced at unrestricted market rents.

Green Tax Credit Point: There are six (6) ways to earn an additional 3 or 4 points on an application for Low Income Housing Tax Credits for incorporating green building features into a project as described below. Additional information can be found in the LIHTC Appendix and at https://www.njhousing.gov/dca/hmfa/developers/lihtc/greenpoints/

- LEED Certification
- National Green Building Standard (NGBS) Certification
- New Jersey Zero Energy Ready Home (Tier 3)
- Enterprise Green Communities
- Living Building Challenge
- Passive House


Energy Benchmarking: Energy benchmarking is the process of analyzing energy usage over time and comparing the total energy usage to the total energy cost. The purpose for benchmarking the energy performance of the buildings within the HMFA portfolio is to gain a better understanding of how the buildings use their energy and whether the energy efficiency measures that have been implemented within our buildings have realized their expected energy savings. It will also help us understand how our buildings are performing compared to similar buildings in other states. Please refer to the NJHMFA Energy Benchmarking Technical Manual for more information.

Ready to Grow Area: Check this box if your project is located within a Ready to Grow Area, as defined in the Low Income Housing Tax Credit QAP. Additional information about this criteria and how to determine compliance is available within the LIHTC Application.
Planning Area: Please identify the Planning Area in which your project is located as defined in the NJ State Development and Redevelopment Plan. To determine the Planning Area, use the web-based Site Evaluator 2.0 available from the NJ Business Portal website available on-line https://njdca.maps.arcgis.com/apps/webappviewer/index.html?id=b18e41a0e8da41369b71716dfc9bbbbe

LEGISLATIVE DISTRICTS (page 2)

Congressional: To find the U.S. Congressional District in which your project is located, go to http://www.house.gov/ and enter your project’s zip code into the “Find Your Representative tool.

State Senate/Assembly: To find the NJ Legislative District for your project, go to http://www.njleg.state.nj.us/districts/municipalities.asp and search by the municipality in which your project is located.

DEVELOPMENT TEAM RESUMES (pages 6-8)

“Applicant” or “Developer”: The entity or individual who submits an application for financing from NJHMFA is known as the "Applicant" or "Developer".

"Borrower” or “Sponsor”: An entity, formed by the applicant for project financing, that will enter into loan documents to secure the project's financing; such an entity is called the Sponsor and/or Borrower. The Applicant may be the managing member or general partner of the Borrower entity. Sponsoring/Borrowing entity must be formed for the sole purpose of owning and operating the project and shall own no other assets unrelated to the project.

Owner: The Sponsor and/or Borrower will be the Owner of the project that is the collateral for the NJHMFA financing.

Professional Planner: If a professional planner is listed, the executed contract shall be submitted. Only those costs determined by NJHMFA to be for planning purposes shall be recognized as a separate line item from the developer fee.

PROJECTS REQUESTING FINANCING FOR SUPPORTIVE HOUSING UNITS (page 13)

Type of Housing

Supportive Housing: "Permanent supportive housing" means a range of permanent housing options such as apartments, condominiums, townhouses, single and multi-family homes, shared
living and supportive living arrangements that provide access to on-site or off-site supportive services for individuals and families who can benefit from housing with services. Permanent supportive housing has as its primary purpose assisting the individual or family to live independently in the community and meet the obligations of tenancy. Tenants may have individual or shared apartments and there is no limitation for length of tenancy. Participation in services offered is not a condition of tenancy.

Community Residence: “Community Residence” means group homes, supervised apartments, and other types of shared living environments that provide housing and treatment or specialized services needed to assist individuals with special needs to live in community settings. For purposes of the Special Needs Housing Trust Fund, community residences do not include assisted living facilities, nursing homes, transitional housing facilities or shelters.

**LOW INCOME HOUSING TAX CREDIT APPLICATION INFORMATION** (p. 14)

**9% Cycles**

**Application Deadlines:**

- May 15, 2022: Hardship Reserve
- August 31, 2022: Family, Senior and Supportive Housing Cycles and Mixed Income Reserve

**Family (9% tax credits)** – To apply to the Family Cycle, the development shall be non-age restricted.

**Senior (9% tax credits)** – Age-restricted projects may apply to this cycle and unless market area demographics demonstrate otherwise, one-bedroom units should comprise at least 85 percent of the project.

**Supportive Housing (9% tax credits)** – To apply to the Supportive Housing Cycle, your project shall rent 25% of the total project units to one or more targeted special needs populations. At a minimum, a supportive housing project must have a social service coordinator and a social services plan that addresses the needs of the identified special needs population.

**Volume Cap Tax Credits (4% tax credits)** – To apply for Volume Cap Tax Credits, your project shall be financed by tax-exempt bonds and qualify for tax credits pursuant to Section 42(h)(4) of the Internal Revenue Code. *Applications shall be submitted at least one month prior to bond sale.*

**Mixed Income Reserve** – Mixed income projects located in Targeted Urban Municipalities (TUMs) that are up to 55% affordable may apply for this non-competitive reserve of 9% credits. Approximately 40% of the credits in the Family Cycle are available for Mixed Income Reserve projects. The tax credit units must demonstrate at least a 20% market advantage over the market
rate units. Projects must achieve at least 65% of the maximum point score in order to be eligible and projects are awarded based on lowest tie-breaker (least amount of tax credits per tax credit unit). Cost caps do not apply to this Reserve of credits.

**Set-asides (9% tax credits)**

**Mixed Income** – The Mixed Income set-aside is available to one project located outside of TUMs up to 55% affordable. The maximum allocation per project is $1,750,000 and the maximum allocation per tax credit unit is $30,000. Rents for LIHTC units must have a minimum 20% market advantage compared to market rate units. In order to compete, the project score must be at least 60 points, and the project must be eligible for the maximum points for site selection (6 points), public transportation (2 points) and high performing schools (3 points). Project is awarded based on lowest tie-breaker (least amount of tax credits per tax credit unit). Cost caps do not apply to this set-aside.

**Preservation** – The Preservation set-aside in the Family Cycle requires the rehabilitation of at least 75% of the affordable units and the project must be currently at least 50% occupied. No new construction of units is permitted. The maximum award is $1.25M in credits.