

2017 LOW-INCOME HOUSING TAX CREDIT APPLICATION

TABLE OF CONTENTS

(Note: If using Word 2007 follow links by pressing CTRL while clicking the hyperlink.)

INSTRUCTIONS	2
FEE SCHEDULE	3
PART II -- ELIGIBILITY REQUIREMENTS	4
1. MARKET ANALYSIS	5
2. SITE CONTROL	9
3. PRELIMINARY SITE PLAN APPROVAL	10
4. ENVIRONMENTAL CERTIFICATION	10
5. DISCLOSURE OF ALL FINANCING INFORMATION	11
6. FINANCING COMMITMENTS	11
7. FINANCIAL FEASIBILITY	14
8. NJ ENERGY STAR HOMES PROGRAM	16
9. CERTIFIED PROPERTY MANAGER	16
10. ACQUISITION CREDITS	17
11. STEP-IN-THE-SHOES BASIS	17
12. USDA RURAL DEVELOPMENT	17
13. RENTAL ASSISTANCE.....	17
14. PROJECTS WITH SUPPORTIVE HOUSING UNITS	18
15. AFFIRMATIVE FAIR HOUSING MARKETING PLAN	21
16. HOPE VI/CHOICE NEIGHBORHOOD/REPLACEMENT HOUSING PROJECTS	21
17. HIGH CONCENTRATION OF LIHTC UNITS	22
PART III -- POINT SYSTEM AND SET-ASIDES.....	23
SECTION A. POINT WORKSHEETS	24
SECTION B. SET-ASIDE DOCUMENTATION	25
1. HOPE VI/CHOICE NEIGHBORHOOD SET-ASIDE.....	26
2. PRESERVATION SET-ASIDE	26
SECTION C. POINTS DOCUMENTATION	28
1a. INCREASE IN COMPLIANCE PERIOD	29
1b. TARGETED URBAN MUNICIPALITIES.....	29
1c. CONVERSION TO TENANT OWNERSHIP	29
2. AFFORDABILITY.....	29
3. PUBLIC HOUSING WAITING LISTS.....	30
4. TRANSIT ORIENTED DEVELOPMENT	30
5. MUNICIPAL SUPPORT.....	30
6. SOCIAL SERVICES	31
7. CERTIFIED MINORITY AND WOMEN ENTERPRISES	31
8. READY TO GROW	32
9. UNIT AMENITIES	33
10. PROJECT AMENITIES	34
11. COMMUNITY POLICING/PUBLIC SAFETY ENHANCEMENTS	35
12. SITE SELECTION	35
13. HISTORIC BUILDING/ADAPTIVE REUSE AND HIGHER OPPORTUNITY AREAS	37
14. GREEN BUILDING	37
15. SUCCESSFUL DEVELOPMENT EXPERIENCE	39
16. QUALIFIED NONPROFIT SPONSOR	40
17. MUNICIPAL POVERTY RATE.....	40
18. SENIOR RENTERS	40
19. NEGATIVE POINT CATEGORIES.....	41
PART IV -- SPONSOR CERTIFICATION & BREAKDOWN OF COSTS & BASIS	43

INSTRUCTIONS

- Submit **TWO COPIES** of your application in an extra-large three-ring binder. Keep a copy for yourself. Only 1 original and 1 copy of the market study is required.
- Applications shall be submitted no later than noon on the following dates:
 - Family, Senior and Supportive Housing Cycles: May 2, 2017 at noon
 - Hardship applications to the Reserve: May 15, 2017
 - Mixed Income applications to the Reserve: May 29, 2017 at noon
- Organize the application in the same order as the preceding Table of Contents. If an item within a section is not applicable to your project, indicate "not applicable." Do not insert informational pages such as the Notes to the Breakdown of Costs and Basis or lists of QCTs and DDAs.
- Separate each part of the application using tabs and insert tabs to separate each section thereunder. Please number the pages in each tab.
- Comply with the instructions contained in each Part of the application completely, remembering to insert all requested documentation. The application should be clear, unambiguous and complete in all respects at the time of submission. Late and substantially incomplete applications shall not be admitted into a cycle and late applications will be returned to the applicant. NJHMFA shall have the authority to impose penalties and/or rescind a reservation or an allocation if any representations made in the application are mistakenly or intentionally misrepresented or not fulfilled.
- Projects financed by tax-exempt bonds that request tax credits pursuant to 26 U.S.C. §42(h)(4) need only submit the following information in order for the application to be deemed complete:
 - Part 1 -Project Information Summary
 - Part 2 -Eligibility Requirements 1-9 & 10-17 (if applicable). A copy of the appraisal/market study required by your lender and/or syndicator may be submitted in lieu of the market study required by N.J.A.C. 5:80-33.12(c)(1)(ii).
 - Part 3 -Period of restriction, negative point categories, conversion to tenant ownership, tax abatement and qualified nonprofit general partner (if applicable).
 - Part 4 -Sponsor Certification and Breakdown of Costs and Basis
 - If applicable, submit a Confirmation of Density Bonus Form Letter (see appendix)
 - If NJHMFA is not the bond issuer, the bond issuer shall provide a letter to NJHMFA assigning its responsibility under 26 U.S.C. §42(m)(2)(D) of the Code to NJHMFA.
- The eligibility requirement and point sections are organized as they appear in the Qualified Allocation Plan for your ease in referencing the QAP as you complete the application.
- If you need help completing this application, please re-examine the Qualified Allocation Plan or call the Tax Credit Division at (609) 278-7629.

FEE SCHEDULEApplication Fees

Initial Application	\$ 2,500
Re-Application Fee (Same calendar year only)	\$ 100

Allocation Fee (Ceiling credits)

2% of the ten-year tax credit amount
■ 1% payable at carryover/binding commitment
■ Remainder payable at 8609 issuance

Issuance Fee (Volume cap credits)

NJHMFA Financed Project	2% of the ten-year tax credit amount
Non-NJHMFA Project	3% of the ten-year tax credit amount
	■ One half of the fee is payable at determination
	■ Remainder (upwardly adjusted if necessary) payable at 8609 issuance

Extension Fee

Carryovers

- \$1,000 for each week or part thereof that the owner is late in submitting a complete package. (The 10% test is due 6 months after the carryover allocation agreement is executed.)

8609

- \$1,000 for each week or part thereof that the owner is late in submitting a complete package. (8609 packages are due within 90 days after the permanent loan closing.)

NOTE: Fees are non-refundable.

PART II -- ELIGIBILITY REQUIREMENTS

- 1. Market Analysis
- 2. Site Control
- 3. Preliminary Site Plan Approval
- 4. Environmental Certification
- 5. Disclosure of All Financing Information
- 6. Financing Commitments
- 7. Financial Feasibility
- 8. Energy Star HOMES Participation
- 9. Certified Property Manager (check if applicable)
- 10. Projects Requesting Acquisition Credits _____
- 11. CPA Certification of Step-in-the-Shoes Basis _____
- 12. USDA Rural Development Letter _____
- 13. Rental Assistance _____
- 14. Projects with Supportive Housing Units _____
- 15. Affirmative Fair Housing Marketing Plan _____
- 16. HOPE VI/Choice Neighborhood _____
- 17. High Concentration of LIHTC Units _____

Please tab each section in this Part and insert the required documentation after the corresponding tab.

1. MARKET ANALYSIS

Insert the following documentation in this section:

- a. Project Summary. At a minimum, describe the following:
- Type of housing proposed
 - Amenities
 - Community Space
 - Need and demand for project
 - Impact on the neighborhood
 - Commercial Space
 - Photographs of site and existing structures from all significant perspectives
 - Photographs of all significant nearby land uses, including, but not limited to, those listed under the site selection point category (see Part III, Section C.11)
 - Preliminary drawings of the finished project including the site plan, floor plan, and elevations drawn to scale

If applicable, include a description of the following as well:

- Family Cycle and non-age restricted Final Cycle projects that do not meet the minimum bedroom distribution requirements (i.e. the combined number of efficiency and one-bedroom tax credit units shall be no greater than 20 percent of the tax credit units; at least 30 percent of the tax credit units shall be two-bedroom units; and at least 20 percent of the tax credit units shall be three-bedroom units) shall demonstrate why it is either financially infeasible for the project to meet this requirement, or shall indicate in the market study why said bedroom distribution is inappropriate for the market area.
 - Services being provided
 - Plan for Conversion to Tenant Ownership
 - Adaptive re-use of a non-residential building
- b. Market Study. TWO copies shall be submitted – one as part of the application binder and another separately bound. The second copy the tax credit application need not include another (third) copy of the market study. The market study must be certified to both the Sponsor and NJHMFA, and shall have been performed within the past 6 months. The analyst shall state in the certification that all market study requirements have been fully addressed. If any relevant information cannot be obtained, the analyst shall explain why the information cannot be obtained. The study shall also identify any assumptions, estimates, projections and models used in the analysis. The assumptions used in the market study (for example, project rents, unit mix, amenities, etc.) must precisely reflect the information provided in the tax credit application. The data and analysis shall clearly indicate enough demand in the market to support the proposed development. Any additional information appropriate to the market area and the project should be submitted to demonstrate the demand for the proposed housing project. The report shall include, at a minimum;
1. A brief executive summary that includes the appropriate vacancy rate, capture rate, absorption period, and the market advantage from comparable market rate properties given the rents projected by the applicant, as well as a detailed table of contents which clearly identifies the location of the items listed below

2. A description of the proposed site, (including pictures of the site and existing structures, pictures of the immediate neighborhood, visibility/access/exposure, proximity to retail and employment, detailed neighborhood and market area maps showing all significant nearby land uses, block and lot numbers of each parcel, site acreage, available public services and public transportation, and existing infrastructure). A description of the proposed improvements (including unit mix, a commentary on the preliminary drawings including unit size and design, proposed project and unit amenities and any applicable tenant charges, tenant-paid utilities and project-paid utilities) shall be provided;
3. Geographic definition and analysis of the market area, including a comprehensive and reasonable rationale for the suggested market area with supporting evidence. For example, the market area may be defined as the area in which properties compete with the subject property for tenants, or the area immediately surrounding the project from which sixty to seventy percent of the residents are expected to be drawn, taking into account political and natural boundaries, socioeconomic characteristics, and the areas from which nearby rental developments draw new tenants. The market area shall be evaluated on the basis of employment and income levels and trends, the presence of local revitalization projects, the number of substandard units in the market and the number of cost burdened households in the market. As available, interviews shall be conducted with area apartment managers to establish mobility patterns in the area. Particular attention should be given to tax credit properties. The results of the interview shall be reported showing the percentage of residents by neighborhood/community. For cases in which the subject property is an existing rental development or later phase of an existing development, detailed tenure by prior residence must be shown. Additional explanation shall be provided for any market area with boundaries in excess of 3 miles (urban site) or 5 miles (rural site) of the site;
4. An Economic analysis that provides the reader context to better understand the household and rent trends in the market. Topics to be addressed should include:
 - A. Presentation of data and analysis pertaining to the trend in resident employment and unemployment;
 - B. Presentation of data and analysis pertaining to trends over the past five years in total at-place employment (that is, jobs) in the county in which the subject site is located;
 - C. Presentation of data and analysis pertaining to at-place employment by industry sector for the Primary Market Area (“PMA”) or smallest available geographic area that includes the PMA and comparison to appropriate larger geographic area (that is, city, county, MSA, or labor market area);
 - D. List of major employers in the PMA or other appropriate small geographic area and announced changes in workforce (that is, expansions, contractions, and relocations), contractions in their workforces, as well as newly announced employers and their anticipated effect on the local economy; and
 - E. A map of major employers and employment centers in relation to the subject property.

5. A demographic analysis of the households in the market area in b(3) above which are income eligible and can afford to pay the rent (assuming potential households may spend up to 40 percent of their income on housing expenses). When appropriate, the eligible households shall also be analyzed by tenure (owner/renter), size of renter households, and age. Market studies submitted for projects applying to the Senior Cycle shall also include an evaluation of the market for the eligible population over 70 years old. Demographics from the last decennial census shall be updated to reflect current market conditions and shall be the basis for projected demographics. This research data shall be provided in the appendix and shall be from an organization such as Nielsen or a governmental source such as the American Community Survey, metropolitan planning organizations or local planning agencies. Supportive Housing projects shall also provide demographics on the special needs population in the project in order to substantiate need and demand at projected rent levels;
6. Rent, vacancy and amenity surveys by unit size of market rate, affordable and subsidized properties. The affordable property survey shall include all LIHTC properties in the market area. Include those projects that are currently under construction or have received preliminary site plan approval. A rent adjustment analysis of the most comparable properties to the subject should be presented to derive a market rent for each unit types. Data shall include, at a minimum, a grid analysis by unit size for rents, amenities, unit features, unit square footage, age, number of bathrooms, tenant-paid utilities, rent per square foot, location, physical condition and curb appeal. Rents shall be adjusted, especially for utility and amenity charges, so that appropriate comparisons can be made. The proposed rent should have at least a 10 percent rent advantage in relation to the estimate of market rent. Additional information concerning unit mix, vacancy and turnover rates, operating expenses, rent trends, rent concessions, rent control, waiting lists, absorption per month, design, contact and contact phone number shall be provided in a grid or narrative format when available. The market study shall contain a minimum of three rent comparables for each unit size. All comparable properties should be within the delineated market area when possible. In cases where a comparable project has to be chosen from outside the market area (for example, where there is not enough similar rental product in the market area), appropriate adjustments should be made for location differences. At least one picture of each comparable and a detailed street map which shows the location of each comparable shall be provided. In addition, if the building that is the subject of the tax credit application is currently occupied, rent rolls and current tenant incomes shall be provided and analyzed;
7. The capture rate, absorption period and the impact the proposed rental housing may have on existing inventory. The capture rate is the number of units in the project divided by the net demand for the project, where the net demand is the number of households that are income eligible and can afford to pay the rent minus the number of comparable affordable units in the market area. For purposes of the market study, the maximum annual household income for the tax credit units shall be equal to 50 or 60 percent of the area median income (depending on whether the applicant chose the 20@50 or 40@60 Federal set-aside) of a household. The maximum income limit shall be based on an average household size of 1.5 persons per bedroom for the largest tax credit unit. For single room occupancy projects, assume one person per unit. Maximum income limits for all proposed senior projects shall be limited to a two-person household. The minimum annual household income for the tax credit units shall be equal to the lowest tax credit gross rent multiplied by 30 (which assumes that potential households may

spend up to 40 percent of their income on housing expenses on a monthly basis). The absorption period is a forecast of the number of months that will elapse from the completion of construction to stabilization (93 percent occupancy) of the project as a whole, taking into consideration a reasonable vacancy rate. Sample calculations of capture rate and absorption period shall be shown in the report, and NJHMFA shall be able to reconstruct the estimates using the data and methods in the market study. When additional analysis is appropriate, methods shall consider demographic trends, age of householders, the size of renter households, the unit mix of the project, the amount of home ownership in the target population, the cost of home ownership in the market area, approved projects not yet placed in service and any other significant factors. The impact of the subject project on existing housing in the market area shall also be addressed;

8. If applicable, the appropriate rent per square foot and vacancy factor based on market conditions for any commercial space in the project;
 9. A conclusion forecast regarding the potential viability of the proposed project that states the strengths and weaknesses of the project, compatibility of surrounding land uses, appropriateness of project design and amenities, and the reasonableness of projected rents. In addition, the analyst shall state whether sufficient demand from targeted households exists for the development as proposed. Suggestions to make the project more marketable shall be provided if appropriate. All conclusions shall be based on data analyzed in the body of the report; and
 10. A statement of the competency of the analyst conducting the study. The market analyst shall certify that: A) he or she is an independent, third party professional with no financial interest in the project other than in the practice of his or her profession (for example, his or her fee for preparing the report is not contingent upon project completion and/or an award of tax credits); B) he or she has the requisite knowledge to proceed with the study; C) he or she has personally inspected the subject property and the comparable properties analyzed in the report; and D) he or she has conducted the study in accordance with the Model Content Standards for Market Studies for Rental Housing of the National Council of Housing Market Analysts (NCHMA).
 11. NOTE: During the market study review process, a reviewer contracted by NJHMFA may notify the independent, third party professional who completed the market study by telephone and, simultaneously, in writing by facsimile transmission about significant missing or unclear components of the market study. Failure of the independent, third party professional who completed the market study to provide a sufficient response within five business days about significant missing or unclear components of a market study shall result in an application being declared ineligible.
- c. The form of market analysis described below may be submitted in lieu of the market study requirements at b(1) to b(7) above for the following types of projects: Projects with 25 units or less and projects receiving project based rental assistance for 100% of the units.
1. The 3rd party analyst shall provide a description of the proposed site and proposed improvements, a geographic definition and analysis of the market area, age and income demographics within the defined market area and rent, vacancy and amenity surveys by unit size of market rate, affordable and subsidized properties. In addition, a rent adjustment analysis shall be provided of the properties most comparable to the subject

property. For suggestions, see related subsections of part b above.

2. The requirements at b(8) through b(11) above.
- d. Updates of market studies more than six months old must reflect a recent site visit by the market analyst, updated information on the comparable properties and an analysis of any significant changes to the subject development. Only one update to the market study is permitted. Applicants shall submit both the original market study and any applicable update in the application submission.

2. SITE CONTROL

Submit evidence of site control in this section via any one or a combination of the following: fee simple title; long-term leasehold interest; option to purchase or lease; executed land sales contract or other enforceable agreement for acquisition of the property; and/or an executed disposition and development agreement with a public agency that specifies the site to be acquired.

The acquisition price and basis shall be limited to the lesser of the purchase price or the “as is” appraised value of the building and/or land.

For all forms of site control, a copy of the current owner's recorded deed (or equivalent) for each parcel shall be submitted as supporting documentation.

Purchase Contract, Disposition and Development Agreement, or Option:	Must not expire before anticipated construction start date. Disposition and Development Agreement must specify the site(s) to be acquired.
Long-term lease:	Must be for a term of at least the full compliance period and extended use period (i.e. if the compliance period is 30 years, the term of the lease cannot be less than 45 years).
Eminent Domain:	If a site is/will be acquired by eminent domain/condemnation proceedings, the condemnor shall be identified as such term is defined at N.J.S.A. 20:3-1 et seq. or its successor. At a minimum, the applicant shall submit a copy of all written offers, as described at N.J.S.A. 20:3-6 or its successor, executed by the condemnor to the condemnee(s) with regard to all real property comprising the project which are to be acquired by this means, which offers must be in effect and valid at the time of submission to NJHMFA. If additional documents have been executed and/or filed with regard to eminent domain at the time of application deadline, the applicant shall append a copy of those documents with its application and shall continue to supplement the application with such documents as required by N.J.A.C. 5:80-33.31. The declaration of taking shall be recorded within three months from the date of the Tax Credit Committee meeting at which awards/decisions are announced.
Properties Obtained from Municipality:	If the municipality is contributing the site(s) for nominal consideration, submit the municipal resolution authorizing the land transfer and all applicable agreements relating to the transfer of land.
Re-Applications:	Option or purchase contract must be updated to extend site control through revised construction period.

3. PRELIMINARY SITE PLAN APPROVAL

Submit a copy of the resolution approving preliminary or final site plan as well as all other local approvals. For rehabilitation projects with sites that are not required by the municipality to obtain site plan approval, the NJHMFA form letter must be submitted (see LIHTC Appendix).

It is the applicant's responsibility to ensure that the project complies with all applicable local land use and zoning ordinances and that nothing at the local or county level will interfere with the project obtaining all necessary permits.

4. ENVIRONMENTAL CERTIFICATION

a. Please complete the following:

The following environmental conditions/constraints exist on the property that require remediation for the construction/rehabilitation & occupancy of the housing project and may impact development on the project site. Examples of such conditions include, but are not limited to, wetlands, stream encroachment, and steep slope grading. (If none exist, write "none")

<u>Remediation</u>	<u>Included in Capital Budget</u> (circle one)
_____	Y or N
_____	Y or N
_____	Y or N
_____	Y or N

All permits, approvals or clearances required under state or federal laws (e.g. ECRA, CAFRA, Wetlands Protection, Stream Encroachment, etc.) for the construction/rehabilitation of this housing project have been obtained or applied for as listed below. (Also include the status of any pending applications.) If none are required, write "none".

b. If a Phase I environmental study conducted in accordance with A.S.T.M. E1527-97, Standard and Poors Enhanced Protocol, has been completed for the project, the findings

(e.g. the executive summary) shall be submitted in this section.

NOTE: A Phase I is not required; however, if a project is awarded credits and a Phase I conducted in accordance with A.S.T.M. E1527-97, Standard and Poors Enhanced Protocol was not submitted with the application, the project shall not be allowed to apply for Hardship credits for unforeseen environmental issues.

5. DISCLOSURE OF ALL FINANCING INFORMATION

- a. Disclose all financing information. This includes information about letters of interest and other undertakings that the applicant does not identify as funding sources in this application.
- b. If a deferred developer fee of more than 50% is indicated as a permanent source on the Funding Sources Chart referenced in Section 6 below, identify in this section the anticipated funding source that will replace the deferral. Failure to secure said funding source and subsequently reduce the deferred developer fee to 50% of the total amount by carryover/binding agreement shall result in a cancellation of the tax credit reservation.
- c. Submit all syndication documents in existence at the time of application including, but not limited, to the prospectus (offering memorandum), limited partnership agreement, joint venture agreement, partnership administration services agreement, development agreement and any amendments to the aforementioned documents and any relevant agreement between and among the relevant parties setting forth the terms of the financial arrangements, commitment letters, if any (firm or otherwise) and mortgage documents. For all documents, include all exhibits and schedules. Include only the most recent documents. Do not include drafts if the final documents have been executed.

6. FINANCING COMMITMENTS

Complete the Construction and Permanent Funding Sources Charts in Part II and insert as the first two pages of this section. The total of all permanent funding sources must equal the total project development cost shown on the Breakdown of Cost and Basis. Insert in this section evidence of all funding amounts and terms applicable to the project. Expired commitments, letters of interest/intent and term sheets do not qualify as commitments. In all cases, funding approvals must come from the entity with final approval authority. Typical funding sources and the required documentation are listed below. Commitments shall be firm and contain only conditions that are under the control of the applicant (that is, commitments cannot be conditioned on the availability of funds). Where such letters call for it, commitment letters shall be countersigned/accepted by the applicant.

- a. Banks and Other Lending Institutions (construction and permanent):
 - Commitment letter must indicate the interest rate (or the basis on which the interest rate will be set), term of the loan (at least 15 years for permanent

- financing OR fully amortizing if less than 15 years) and all conditions. If the interest rate is floating after permanent loan closing, a maximum interest rate shall be stated in the commitment letter.
- If financing is coming from a consortium of banks, the commitment letter must come from the consortium itself, not just the originating lender.
 - The maximum mortgage supportable shall have been obtained.
- b. State of New Jersey Subsidy - Balanced Housing, HOME, Home Express, Community Development Block Grant (CDBG) funds or other funding administered by the State
- Indicate the interest rate, term of the loan and all conditions on the Funding Sources Chart.
 - The Department of Community Affairs shall inform NJHMFA of those projects that have submitted a complete application for Balanced Housing or HOME funds by the tax credit application deadline. Projects applying for both State Subsidy and tax credits shall comply with the rules of both such programs.
- c. Grants
- d. Municipal, County or PHA Grants or Loans
- Submit a copy of the county/municipal resolution/ordinance approving funds for the project
 - For governmental entities where a county/municipal resolution is not the standard approval process, NJHMFA will accept one of three forms of commitments:
 - 1) For projects receiving HOME funds from participating jurisdictions (PJs), a copy of the HUD form 7015.15 "Request for Release of Funds & Certification" along with a copy of the PJ's cover letter transmitting it to HUD
 - 2) A copy of the PJ's Comprehensive Housing Affordability Strategy (CHAS) with the project and the funding amount specifically cited in the CHAS, along with a copy of the PJ's resolution approving the CHAS
 - 3) For counties or municipalities that have authorized staff to make final funding decisions, a commitment letter signed by the authorized signatory (i.e. the person having final approval authority) shall be sufficient so long as documentation delegating final approval authority to the signatory is also submitted.
- e. Owner Equity/Loans
- Out-of-Pocket Cash Equity

For applicants "coming out-of-pocket" to fill an equity gap, submit supporting documentation (bank statements) and a letter from an independent CPA who certifies that the applicant has the specific amount of cash that is needed to fill the funding gap. Cash already expended by an applicant can be utilized as a source of funds if said expenditures are verified by an independent CPA and said cash is not an advance of other project funding sources.
 - Developer Fee
 - 1) Non-Deferred Fee -- The non-deferred portion of the developer fee shall

not exceed eight percent (13 percent for the three types of housing referenced at i, ii and iii above) of total development cost excluding land, working capital, marketing expenses, escrows, operating deficit reserves, step-in-the-shoes costs and costs associated with syndication.

- 2) Anticipated Deferred Fee -- At application submission, a maximum of 50% of the developer fee may be deferred as a permanent source of funds. Type this amount next to "Deferred Developer Fee" on the Funding Sources Chart. If the amount of the deferred developer fee exceeds 50%, the project will be declared infeasible UNLESS such use of the developer fee is on an interim basis. In such a case, the anticipated funding source to replace the deferred developer fee shall be identified in Section 5 above (Disclosure of All Financing Information), and the commitment of said funds shall be received no later than the issuance of the carryover allocation. Note: Failure to secure said funding source and subsequently reduce the deferred developer fee to 50% of the total amount by carryover shall result in a cancellation of the tax credit reservation.

- 3) Maximum Deferred Developer Fee -- Should NJHMFA determine through its underwriting process that a funding gap exists (e.g. applicant overestimates the amount of credits for which the project is eligible), a developer fee deferral or increase thereof will be needed to fill that funding gap to ensure financial feasibility. NJHMFA will not automatically assume that the developer fee will be deferred to cover the gap. Therefore, you must state up-front, in the application, how much of the developer fee you are willing to defer to fill an unanticipated funding gap. Type this amount next to "Maximum Deferral of Developer Fee" on the Funding Sources Chart. The amount listed under maximum deferred developer fee shall not exceed the amount of developer fee amount available to be deferred (i.e. if a portion of the developer fee has previously been committed, such as for the provision of social services, it is not available to be deferred), and shall be subject to the 50% limit as described in 1) above.

- 4) For any deferred developer fee, there must be a reasonable expectation of repayment, as evidenced by available cash flow and/or confirmation by the applicant's syndicator/investor or tax attorney.

NOTE: Contractor Fees cannot be pledged. Applicant equity or pledges cannot subsequently be replaced by State HOME resources unless that application has been submitted by the tax credit application deadline.

f. **Investor Commitments**

- If an investor has been selected, insert in this section the commitment letter from your investor/syndicator that evidences pricing and capital contributions.
- If an investor has not been selected or only an investor term sheet has been received, tax credit proceeds will be calculated at the lowest level of the NJHMFA equity range. (See Notes to Breakdown of Cost and Basis).

g. All-Equity Projects

- For projects where the applicant is financing the project and is taking the credits itself, comply with Item "e. Owner Equity/Loans" above. These projects will have a retention factor added to the base of the NJHMFA equity range. (See Notes to Breakdown of Cost and Basis).
- For projects that are permanently financed solely on tax credit proceeds (i.e. no mortgage, grants, etc.), submit a fully executed investor commitment evidencing the pricing per credit dollar and total anticipated net proceeds shown in the application.

NOTE: If there is sufficient cash flow to amortize debt, the applicant must obtain a mortgage commitment for such debt.

h. Federal Home Loan Bank (FHLB)

- Applicants applying for tax credits and the FHLB Affordable Housing Program shall provide evidence of their application to the FHLB. Otherwise, applicants shall submit a copy of the commitment letter from FHLB.

NOTE: If a project fails to receive FHLB funding, the project may be declared infeasible unless there is an alternate source of financing, such as a deferred developer fee, identified in the tax credit application and commitment of said alternate funding is received by issuance of carryover allocation/binding agreement.

i. Regional Contribution Agreements (RCAs)

A copy of the municipal resolution/ordinance approving the funds for the project or the project plan amendment that includes the project and is approved by the receiving municipality is required to be submitted with the application.

j. Municipal Affordable Housing Trust Funds

Submit a copy of the current spending plan listing the project that has been approved by the municipality and submitted to DCA or the courts by the application deadline.

7. FINANCIAL FEASIBILITY

You must demonstrate project feasibility at a household median income percentage at or below the set-aside selected.

Insert the following documentation in this section:

- a. Rent Qualification Chart (in Part II)
- b. Income Schedule;
- c. Expense Schedule; and
- d. 15 Year Operating Proforma (in Part IV) signed by first mortgage lender (or

syndicator/investor if there is no hard debt) which exclusively reflects the following language verbatim: "We acknowledge that this proforma substantially matches the assumptions used in our underwriting of the mortgage (equity investment)."

- It must precisely reflect the rent structure in the tax credit application, all lenders' (investor's) assumptions (e.g. principal and interest payments, non-rental income, operating expenses, required reserves, annual fees, etc.). The proforma must also reflect the other characteristics of the application that impact financial feasibility (e.g. cost of social services).
 - Adequate on-site superintendent, maintenance, security and social service staff (if applicable) must be reflected in the project budget. It is the applicant's responsibility to demonstrate the adequacy of the on-site staffing levels based on project size. If your site will not have an on-site superintendent, you must provide an explanation.
 - Year one of the proforma should reflect core operating expenses (administration, salaries, maintenance and repairs, maintenance contracts and insurance) between \$3,000 and \$4,000 per unit. If core operating expenses are less than \$3,000 or more than \$4,000 per unit, submit explanation supported by audited financial statements as to why the per unit operating expenses fall outside this recommended range.
 - No family project shall have core operating expenses below \$3,000 per unit and no senior project shall have core operating expenses above \$4,000 per unit. Other operating expenses will be evaluated for reasonableness given the characteristics of the project.
 - Year one of the proforma shall show stabilized operations. If the proforma reflects negative cash flow in any year, the application must demonstrate the funding and utilization of an Operating Deficit Escrow Account.
 - The proforma may reflect rental assistance only if it is project based and is evidenced by the submission requirements described in N.J.A.C. 5:80-33.12(c)(12). The subsidy may be illustrated only for the initial contractual term; that is, future renewals of project based subsidy contracts cannot be assumed. Upon the expiration of project based rental assistance, supportive housing units shall be underwritten at rents no more than 20 percent of area median income adjusted for family size. For non-supportive housing units, the rents shall be underwritten at levels that are appropriate for market conditions (and are thus supported by the market study required at N.J.A.C. 5:80-33.12(c)(1)); however, in no event shall rents exceed 50% of area median income adjusted for family size. The application must demonstrate the funding and utilization of an Operating Deficit Escrow Account to satisfy any negative cash flow following the expiration of the project based rental assistance.
 - Executed leases for a minimum term of 5 years shall be required for projects that rely upon commercial income to demonstrate financial feasibility. Should the term of the executed lease end prior to the end of the compliance period, NJHMFA shall use a vacancy rate of 50 percent for the years not covered by the lease.
- e. Two forms of data supporting the operating expenses stated in the 15-year proforma (i.e. database information, audited financial statements for comparable projects that have maintained stabilized operations for at least 2 years, IREM statistics, portfolio operating date from a syndicator/investor etc.) or a current HMFA Form 10 signed by the HMFA Property Management Division.

Underwriting Guidelines: The underwriting guidelines listed below will be used as benchmarks by NJHMFA in evaluating your project. You will need to insert an explanation if your project falls below or exceeds these guidelines. In addition, underwriting assumptions must follow conclusions stated in your market study. Those projects whose operating budgets greatly fall below or exceed NJHMFA's operating cost database standards may be subject to adjustment.

Rent Affordability: Demonstrate feasibility at a household median income percentage that is at least 2.5% below the selected set-aside (e.g. if selecting 20% @ 50% must underwrite at 47.5%).

Debt Coverage Ratio: 1.15 - 1.20 DCR (at least 1.20 for Supportive Housing)

Replacement Reserves: \$300/unit (for projects such as senior new construction) up to \$400/unit (for projects such as family rehabilitation). Proforma should reflect an annual trending of replacement reserves rising at the same rate as other operating expenses.

Income / Expense Annual Trending: 15 Year Proforma must, at a minimum, reflect an annual trending of income and expenses rising at 2% and 3% respectively.

Vacancy Rate: For income from tax credit units and "Other" income 7%. For market rate units in a mixed income, multiple building project, the vacancy rate should be at least 10% for the market component.

8. NJ ENERGY STAR HOMES PROGRAM PARTICIPATION

Submit in this section the following:

- a. A signed contract between the applicant and a Home Energy Rating System (HERS) rater to achieve certification through the NJCEP Energy Star Homes Version 3.1 Program or Energy Star Multifamily High Rise Program for new construction projects. Please contact the Green Technical Advisor regarding NJHMFA Energy Star Alternative Requirements for rehabilitation projects.
- b. The applicable signed Letter of Intent (see LIHTC Appendix for form)
- c. Signed Energy Star Partnership Agreement

9. CERTIFIED PROPERTY MANAGER

_____ By checking this section, applicant pledges that the staff person responsible for verification of tenant income will have successfully completed an NJHMFA approved tax credit certification program prior to the project being placed in service and will meet the continuing education requirement of at least 6 hours annually for the term of the compliance and extended use periods.

For the list of approved tax credit certification programs, please contact Division of Tax Credit Services at (609) 278-7629.

10. PROJECTS REQUESTING ACQUISITION CREDITS (submit if applicable)

Insert the following items in this section if acquisition credits are requested:

- a. Attorney Opinion Letter regarding each building's eligibility for acquisition credits; and
- b. A recent appraisal, no older than 6 months, indicating the “as is” rent restricted value of the building and land, which is subject to NJHMFA review.

REMINDERS:

- Calculation of the developer fee for building acquisition costs shall be limited to 4% of the building amount.
- The acquisition value shall be the lesser of the appraised value or the purchase price or lease fee of the realty and any buildings and improvements thereon in the most recent arm's length transaction. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.
- NJHMFA reserves the right to require a capital needs assessment.

11. C.P.A. CERTIFICATION OF STEP-IN-THE-SHOES BASIS (submit if applicable)

Insert the following items in this section if this is a step-in-the-shoes project:

- a. Itemized breakdown of step-in-the-shoes costs
- b. CPA certification that step-in-the-shoes costs have been spent and are accurately reflected in eligible basis.

12. USDA, RURAL DEVELOPMENT LETTER (submit if applicable)

If this project is receiving assistance from the USDA, Rural Development, please insert a letter from the State Director approving the loan and stating that the funds have been obligated.

NOTE: Since USDA does not fund a developer fee, the allocated credit amount may be limited to an amount sufficient to pay only the developer fee.

13. RENTAL ASSISTANCE (submit if applicable)

Insert the following items if this project will receive rental assistance:

- a. Section 8
 - Letter from PHA firmly approving the project for Section 8 Project Based Assistance subject to the completion of the subsidy layering review or a Commitment to enter into a Housing Assistance Payments Contract (CHAP) under the HUD Rental Assistance Demonstration (RAD).
- b. AFL-CIO Pension Fund Program
 - Preliminary Commitment from AFL-CIO
- c. Section 811
 - Commitment letter from Supported Housing division, may be conditioned upon award of LIHTC
- d. Other Types of (non-Section 8) Rental Assistance
 - Executed Rental Assistance Contract specifying the source and terms of the subsidy

Note: Project feasibility shall only be underwritten with rental assistance for the initial term of the contract. Upon the expiration of project based rental assistance, supportive housing units shall be underwritten at rents no more than 20 percent of area median income adjusted for family size. For non-supportive housing units, the rents shall be underwritten at levels that are appropriate for market conditions (and are thus supported by the market study required at N.J.A.C. 5:80-33.12(c)(1)); however, in no event shall rents exceed 50% of area median income adjusted for family size.

14. PROJECTS WITH SUPPORTIVE HOUSING UNITS (submit if applicable)

_____ **Supportive Housing Cycle:** A minimum of 25 percent of the total project units must be rented for occupancy by one or more individuals with special needs in order to apply in this cycle.

OR

_____ **Family, Senior or Final Cycle:** A minimum of 5 units or 5 percent of the total project units, whichever is greater, must be rented for occupancy by one or more individuals who are homeless OR disabled and covered under the Olmstead Decision in order to receive the points.

Special Needs Population: _____

of Supportive Housing Units: _____

of Total Units: _____

Unit % _____%

Permanent Housing YES or NO (circle one)

Mixed-Income/Mixed Special Needs Project YES or NO (circle one)

- The supportive housing population needs analysis is conducted by the applicant and/or social service provider. Feasibility and marketability must be examined separately since these units will only be open to persons with special needs. The analysis shall address the

following:

1. The scope of the current and 15-year projected need of the target population(s) for supportive housing;
 2. Define the market area, including sources of referrals for supportive housing;
 3. Current and estimated population needs assessment for the defined market area. Applicants can obtain this information from federal, state and local agencies and sources;
 4. The estimated time it will take to fill the units;
 5. The estimated income and sources of income for the target population(s);
 6. The number of supportive housing and other types of designated housing serving the target population(s) in the defined market area.
- Supportive housing marketing plan. The plan must identify the organizations that will be used for referrals and evidence, such as a letter of support, must be provided attesting that such organizations have experience serving the target population and can be a source for referrals.

For projects that will be serving homeless individuals and/or families, a resolution indicating that referrals will be provided or a letter of support from the local/county Continuum of Care (CoC) is recommended. It is also recommended that housing sponsors contact the local/county CoC well in advance of the deadline for submission of tax credit applications to discuss the project.

For projects that will be supported with housing subsidies, operating costs or service funding from the Department of Human Services (DHS), the project must obtain a letter of support from DHS. The DHS letter of support will include information on commitment of DHS subsidies (if applicable), typical services provided with DHS funds, and the process by which DHS qualifies or selects service providers. Please note that projects that receive this letter of support from DHS are NOT required to include an executed supportive services agreement between sponsor and service provider.

Please note that in order to obtain a letter of support from DHS, housing sponsors must contact Janel Winter, Director of Housing for DHS at 609-292-1112 well in advance of the deadline for submission of tax credit applications to discuss the project.

- Resume of the owner entity, property management entity and/or social service provider who will be providing the property management and/or supportive services to the residents or other evidence of their supportive housing development, management and/or supportive services experience;
- Sources of funding and a Social Services Plan that describes the scope of services to be provided for supportive housing projects, including a staffing plan and how the services will be delivered and funded. The services must be affordable and appropriate to the target population to the satisfaction of NJHMFA, available and accessible to the project's tenants

and the social service provider must have the capacity to perform such services. The social services plan must address the target population's(s') support service needs and may include a range of services across a wide continuum of care and intensity appropriate to the target population(s). Appropriate and needed services must be supported by evidence-based practice, research and/or direct practice experience. The description must acknowledge each special needs tenant does not have to utilize all of the services provided by the project; however, the services must be available. The social services plan shall address, but is not limited to, the following items:

1. Hiring a full-time social service coordinator. If a social service coordinator is being provided through a third party, then a signed agreement between the two parties is required, and the coordinator must be dedicated to the tax credit project for at least 20 hours a week for supportive housing cycle projects or 5 hours a week for projects that have set aside 5% or 5 supportive housing units.
 2. The social service provider(s) must demonstrate three or more years of experience in providing social services to the target population(s) or to related special needs population;
 3. A description of the proposed services that will benefit the targeted population including location of services (that is, on-site or in the community) and documentation to support how these services will be funded;
 4. A description of how the service provider will facilitate tenant/landlord relationships, including detailed eligibility and ineligibility criteria for tenant selection and screening, as well as a plan for problem resolution to minimize evictions for supportive housing tenants; and
 5. Provision of at least one of the following services:
 - (i) 24-hr, seven-day a week on-call crisis response capability;
 - (ii) Financial management training from a qualified provider and ongoing budgeting support; and
 - (iii) Linkage and ongoing follow-up services to health care, including dental care, and physical health care and primary health care prevention services
- Evidence of receipt of rental assistance or operating subsidy commitment(s) for special needs populations below 30 percent of area median income and/or evidence that the supportive housing units are affordable to the target population. If there is no rental assistance or operating subsidy, rental income shall be underwritten at 20 percent of area median income.
 - Executed supportive services agreement with service providers for services. The executed services agreement should provide, at a minimum, the scope, frequency, and term of the services to be provided. Please note that projects that receive a letter of support from DHS are not required to include an executed supportive services agreement with service providers for services.
 - Evidence of the capacity and specific activities to address bi-lingual needs, cultural competency and other special needs accommodations;

- Evidence of funding sources or documentation of how and by whom the services will be paid to qualify for points in this category. For projects targeting people who are at 30 percent of median income or below, all services included in the social services plan must be provided at no charge to the tenants.
- Evidence of on-site or off-site education for tenants and/or job training and job search assistance (funding commitments and/or signed agreement with service providers specifically identify scope and term for provisions of these services. (point purposes only)
- Rental assistance funding commitments from the HUD McKinney-Vento Programs or other government source(s) of project based or sponsor-based rental assistance for all the special needs units. (point purposes only)
- Identify which of the following, if any, apply:
 - a. Each bedroom measures not less than 100 square feet;
 - b. Unrelated residents have their own bedroom;
 - c. No more than four unrelated adults share a bathroom; and
 - d. Residents have access to a full kitchen for meal preparation.

15. AFFIRMATIVE FAIR HOUSING MARKETING PLAN (submit if over 25 units)

Insert your Affirmative Fair Housing Marketing Plan using a HUD, COAH or NJHMFA form (see appendix).

NOTE: At the time the units are placed in service, the owner/developer and the rental agent must certify that the project was affirmatively marketed.

16. HOPE VI/CHOICE NEIGHBORHOOD/REPLACEMENT HOUSING PROJECTS

Applicants with HOPE VI/Choice Neighborhood/Replacement Housing funding shall submit the following:

- A copy of the commitment letter from HUD awarding funds to the public housing authority. Applicant shall disclose the terms and conditions of the HOPE VI/Choice Neighborhood/Replacement Housing grant to the public housing authority that funds the project, as well the terms and conditions of the funding arrangements between the public housing authority and the applicant.
- An opinion of tax counsel in support of the dollar amount of the eligible basis for the project set forth in the application. Attached to this opinion, and incorporated therein, must be an analysis, conducted by an independent auditor, of anticipated project cashflow and residual value demonstrating a reasonable prospect of repayment of all loans funded by the proceeds of the HOPE VI/Choice Neighborhood/Replacement Housing grant and all debt.
 - This analysis must incorporate the same assumptions utilized in the 15-year operating proforma submitted pursuant to N.J.A.C. 5:80-33.12(c)(7)(ii).

NOTE: It is the responsibility of the applicant to demonstrate that any HOPE VI/Choice Neighborhood/Replacement Housing Factor funds used to establish eligible basis at any time during the credit period are received under contractual financing provisions that, when viewed in the context of reasonably anticipated project cashflow and residual value, constitute lawful basis under the Code and applicable law. See IRC Section 42(d)(5)(A).

17. HIGH CONCENTRATION OF LIHTC UNITS

Non-preservation projects located in census tracts where 30% or more of the existing housing units are low-income housing tax credit units shall not be eligible for funding unless the following criteria are met:

- The project must be part of a community revitalization plan;
- The project does not add more low-income units to the census tract;
- The project plan includes relocation options to higher opportunity areas and mobility counseling assistance for existing residents; and
- The application includes a municipal resolution that references this rule and supports the allocation of housing tax credits for the development.

Please refer to the LIHTC Appendix for the list of Census Tracts for which this applies.

PART III -- POINT SYSTEM AND SET-ASIDES

- A. Point Worksheets (see Part III) (check only one)
 - 1. Family Cycle _____
 - 2. Senior Cycle _____
 - 3. Supportive Housing Cycle _____
 - 4. Final Cycle _____

- B. Set-Aside Documentation (check all that apply)
 - 1. HOPE VI/ CHOICE Neighborhood Set-Aside _____
 - 2. Preservation Set-Aside _____

- C. Point System Documentation (check all that apply)
 - 1a. Increase in Compliance Period _____
 - 1b. Targeted Urban Municipality _____
 - 1c. Conversion to Home Ownership _____
 - 2. Affordability _____
 - 3. Public Housing Waiting Lists _____
 - 4. Transit Oriented Development _____
 - 5. Municipal Support _____
 - 6. Social Services _____
 - 7. Certified M/WBE Business Enterprises _____
 - 8. Ready to Grow _____
 - 9. Unit Amenities _____
 - 10. Project Amenities _____
 - 11. Community Policing/Public Safety Enhancements _____
 - 12. Site Selection _____
 - 13. Historic/Adaptive Re-use and Higher Opportunity Areas _____
 - 14. Green Building and Energy Benchmarking _____
 - 15. Successful Development Experience _____
 - 16. Qualified Nonprofit Sponsor _____
 - 17. Negative Point Categories _____

NOTE: The items listed above do not comprise all of the Point Categories or Set-Asides. Rather, in an effort to avoid repeating the same information in various parts of the application, they are the remaining criteria that are not found elsewhere in the application.

Important! No points will be given to a project without the required backup documentation. Refer to the Qualified Allocation Plan for a detailed description of each of the items that receive points.

REMINDER: Unless the QAP specifies otherwise, all units in the project must qualify for a point category in order to receive the points.

Section A. POINT WORKSHEETS (see Part III)

Section B. SET-ASIDE DOCUMENTATION

1. HOPE VI/ CHOICE NEIGHBORHOOD SET-ASIDE

Include the following documents in this section:

- a. A copy of the commitment letter from HUD awarding funds to the public housing authority. The applicant shall disclose the terms and conditions of the HOPE VI or Choice Neighborhood grant to the public housing authority that funds the project, as well as the terms and conditions of the funding arrangements between the public housing authority and the applicant;
- b. An opinion of tax counsel in support of the dollar amount of the eligible basis for the project set forth in the application. Attached to this opinion, and incorporated therein, shall be the accountant's analysis required in (c) below;
- c. An analysis conducted by an independent auditor of anticipated project cash flow and residual value demonstrating a reasonable prospect of repayment of all loans funded by the proceeds of the HOPE VI or Choice Neighborhood funds and all debt. This analysis shall incorporate the same assumptions utilized in the 15-year cash flow pro forma and
- d. The applicant shall demonstrate that any HOPE VI or Choice Neighborhood funds used in the application to establish eligible basis at any time during the credit period are received under contractual financing provisions that, when viewed in the context of reasonably anticipated project cash flow and residual value, constitute lawful basis under the Code and applicable law.

2. PRESERVATION SET-ASIDE

If applicable, Preservation projects should submit evidence of the following:

- a. Project-based rental assistance expires/lapses earlier than the mortgage is paid off;
- b. Project-based rental assistance subsidizes at least 50% of the total units; and
- c. The project has achieved a Real Estate Assessment Center (REAC) score of 60 or higher (if applicable) for the preceding three years or evidence that the current general partner/managing member will not be a member of the proposed ownership entity.

In addition, insert the following in this section:

- i. Evidence the project is at risk of losing its affordability controls:
 - a. A copy of all deed restrictions on the property to evidence proof of imminent expiration (w/in 5 years);
 - b. Documentation that project based assistance expires within 5 years; or
 - c. Documentation of condemnation or foreclosure

- OR -

- ii. Evidence the project is at risk of losing its affordability level

Note: If the current owner or a related party of the current owner shall retain an ownership interest in the project post-rehabilitation, the owner must demonstrate it

did not materially contribute to the decline of the property that created the high operating expenses or capital repair needs.

- iii. Agreement precluding the involuntary displacement of any existing resident (other than for good cause) and for scattered site projects, a copy of the relocation plan for over-income residents;
- iv. Current rent roll which indicates the project is at least 50 percent occupied. The rent roll shall be compared to the Rent Qualification Chart to ensure rents remain at or near existing levels;
- v. Explanation of the applicable fraction utilized (if different than the applicable fraction based on existing residents);
- vi. Owner certification that the proposal is for rehabilitation of at least 75 percent of the affordable units and there is no new construction of units;
- vii. Capital Needs Assessment certified by the project architect which illustrates that the proposed rehabilitation meets identified critical repair items and 12-month physical needs; and

NOTE: Minimum rehabilitation projects, as defined in the QAP, may only apply to the Supportive Housing and Final Cycles.

Section C. POINTS DOCUMENTATION

1a. INCREASE IN COMPLIANCE PERIOD (non-TUM projects only)

The minimum term of the low income occupancy commitment required by Code is 30 years: a 15-year compliance period plus a 15-year extended use period. This restriction will be enforceable by NJHMFA and future tenants via a Deed of Easement and Restrictive Covenant which will be recorded by NJHMFA pursuant to State law.

The point system provides 20 points for projects with a majority of the units located outside of a Targeted Urban Municipality (TUM) and which extend their compliance period for an additional 15 years. A sponsor electing to extend the compliance period for 15 years will be restricting its property for 45 years -- a 30 year compliance period and a 15 year extended use period.

NOTE: Extension of the compliance period bars the utilization of section 42(h)(6)(I) of the Code until the beginning of the last year of the extended compliance period (i.e. until year 30 in the preceding example).

COMPLIANCE PERIOD (minimum of 15 years)		_____	Years
plus: EXTENDED USE PERIOD	+	15	Years
TOTAL TERM OF LOW INCOME OCCUPANCY			_____ Years

OR

1b. TARGETED URBAN MUNICIPALITY (TUM)

Refer to the 2017 Targeted Urban Municipalities (TUM) list in the LIHTC Appendix for municipalities that are eligible for 15 points.

OR

1c. CONVERSION TO TENANT OWNERSHIP (single family/duplex housing only)

10 points are awarded to single family and duplex projects which are structured to convert to home ownership at the expiration of the compliance period. The anticipated conversion must be reflected in the syndication documents.

The Deed of Easement and Restrictive Covenant filed by NJHMFA shall reflect a right of first refusal by the owner to the tenants.

2. AFFORDABILITY

_____ Project elects the 20% at 50% federal set aside

_____ Project elects to restrict 10% of tax credit units to households earning less than 30% of Area Median Income

3. PUBLIC HOUSING WAITING LISTS

If your project will be utilizing public housing waiting lists, insert a letter from the local Public Housing Authority (“PHA”) stating that prospective tenants will be referred to the project or that the PHA will notify its waiting list of vacancies in the subject development for 2 points.

4. TRANSIT ORIENTED DEVELOPMENT

Submit in this section an executed TOD Confirmation Letter (see LIHTC Appendix)

5. MUNICIPAL SUPPORT

Letter of Municipal Support (if available)

- Although not required for point purposes, if available, submit in this section a letter of municipal support (form available in the LIHTC Appendix).

In order to receive points in this category, submit documentation for the applicable section(s) below:

Tax Abatement

- Submit a copy of the municipal resolution or ordinance authorizing the tax abatement. NOTE: In order to receive points in this category, the resolution/ordinance must cite the proper statutory authority, and all steps necessary to make the resolution/ordinance legally binding shall have been completed.
- If available, submit the financial agreement to the tax abatement.
- For tax abatements granted under NJHMFA regulation at N.J.S.A. 55:14K-37(b):

Term of the Fixed Portion of Tax Abatement _____ years*

- For tax abatements granted pursuant to the New Jersey Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq.:

Term of the first stage of the exemption period _____ years*

- Fixed rate on residential component _____ %*

* MUST equal or exceed 15 years with a rate on the residential component of no more than 5% (inclusive of all annual fees) in order to qualify for the maximum 5 points.

- Projects that do not receive tax abatement shall capitalize an escrow in an amount equal to two years worth of taxes.
- For application purposes, the amount of the capitalized tax escrow indicated on the Breakdown of Costs and Basis shall equal the 2-year tax estimate indicated on the 15 year operating proforma.
- The 15-year operating proforma shall reflect 1.20 debt coverage ratio with a minimum of \$3,000 per unit core operating expenses.
- Documentation of the tax escrow shall be submitted to NJHMFA prior to issuance of the IRS Form 8609.

6. SOCIAL SERVICES

Applicants who propose to offer social services in their project for the term of at least the compliance period shall submit the following:

- a. Completed Social Services Worksheet in Part III (one per service) which summarizes those points more fully described in the firm agreement required below;
- b. Evidence of funding sources or documentation of how or by whom the services will be paid, as well as documentation of how the costs of the services were determined;
- c. Evidence of experience of the service provider for both provision of social services and fulfillment of prior private or governmental contracts;
- d. Firm agreements with service providers for the services; and
- e. Evidence of availability, appropriateness, accessibility and affordability to tenants.

OR

_____ Applicant agrees to participate in the Services for Independent Living (SIL) program. (Senior Cycle projects only),

NOTE: Services provided free of charge to all residents/seniors of a county or municipality based solely on residency status shall not qualify for points in this category.

7. CERTIFIED MINORITY AND WOMEN BUSINESS ENTERPRISES

_____ By checking this section, the applicant pledges to expend a sum equaling at least 15% of the construction cost (unadjusted for change orders) on services performed by contractors, subcontractors and material suppliers which are certified as minority business enterprises (MBE) and/or women business enterprises (WBE) by the NJ Department of Treasury, Division of Minority and Women Business Development (“certified”).

When the project is placed in service, the applicant will certify that he/she has expended a sum equaling at least 15% of the construction cost on certified

minority and women business enterprises. This certification will require confirmation by a CPA in the form of a cost analysis and CPA opinion letter.

Note: Utilization of minority and women business enterprises is not a requirement of the Qualified Allocation Plan, but rather an optional, irrevocable election made by the applicant at the time of application.

8. **READY TO GROW**

To be eligible for the Ready to Grow Area priority points, your project must be located within at least one of the areas designated in 1 or 2 below. The instructions below identify how to demonstrate that your project is located within one of these areas. Submit documentation for section 1 or 2 below to evidence the project's location within a Ready To Grow Area:

1. Smart growth area: Using the web-based tool, the Site Evaluator 2.0, provide a printout of the result of an address search of your property. Access the Site Evaluator 2.0 on-line as a link from the HMFA website at www.evaluator.nj.gov or directly from the NJ Business Portal website at http://njgin.state.nj.us/OIT_BusinessMap2/.
2. An area that has the water and wastewater capacity and infrastructure to serve the project: Provide the following:
 - To demonstrate water capacity and infrastructure, provide a letter from the water purveyor indicating that they have adequate capacity and allocation to accommodate your project at full build-out. If your project is not in a water purveyor service area, provide an Engineer Survey Map of the nearest Water Mains and a State Plan X/Y Coordinate of the nearest Water Main connection point in relationship to the project site regarding the franchise area in which your project is located, as well as a Safe Drinking Water main extension permit.
 - If your project is seeking a new groundwater allocation, provide copies of necessary well, allocation and safe drinking water permits.
 - To demonstrate wastewater capacity and infrastructure, provide a letter from the MUA regarding the name of the sewer service area in which your project is located and whether wastewater pipes currently extend to the project location. If wastewater pipes do not exist, provide an Engineer Survey Map of the nearest Water Mains and a State Plan X/Y Coordinate of the nearest Water Main connection point in relationship to the project site.

To qualify for the Ready to Grow Area points using #2, you must also document that your project has at least one of the features listed in (i) through (vi) below:

- i. Is located within an area in need of redevelopment or an area in need of rehabilitation as defined at N.J.S.A. 40A:12A-3: The project must be located within the boundary of an area in need of redevelopment or an area in need of rehabilitation. The project must be consistent with the adopted redevelopment plan, and the redevelopment plan must be approved by the municipal governing body no later than the application deadline. Provide a copy of the municipal resolution designating the area in need of redevelopment or area in need of rehabilitation, a

copy of the adopted redevelopment plan, a parcel map showing the boundary of the Area in Need of Redevelopment or Area in Need of rehabilitation and identification of your project within the boundary, including block and lot information, and a letter from the municipality stating that the project is consistent with and further the goals and objectives of the adopted redevelopment plan.

- ii. Is located within a previously Designated Center. First, consult the list of Expired Centers on the Office for Planning Advocacy’s website: <http://www.nj.gov/state/planning/spc-state-plan-centers.html#3>. If you think your project falls within one of these centers, you can confirm that by contacting Steven Karp, Director of GIS at the Office for Planning Advocacy at steven.karp@sos.nj.gov or 609.292.3160.
- iii. Is located within a municipality whose master plan has received Plan Endorsement from the State Planning Commission and the project is consistent with the housing element within the endorsed master plan: Provide a letter from the Executive Director of the NJ Office of Planning Advocacy to this regard. Contact the Office’s Area Planner for your project’s county at 609-292-7156 to confirm.
- iv. Contains an existing building footprint within which the project will be built: Provide a survey of existing conditions and an approved site plan.
- v. Is located within a designated Highlands Redevelopment Area, a Designated Highlands Center, or a Highlands Development Credit Receiving Area. Provide a letter from the Executive Director of the Highlands Council to this regard. Contact the Highlands Council at 908-879-6737.
- vi. Is located within an area identified for development and/or redevelopment within the “Land Use Map and Map of the Meadowlands District Master Plan” and the “Hackensack Meadowlands District Official Zoning Map” as amended and supplemented by the Meadowlands Commission. Provide a letter from the NJ Meadowlands Commission to this regard. Contact the NJ Meadowlands Commission Director of Land Use Management to confirm, Sara Sundell at 201-460-1700.

9. UNIT AMENITIES

By completing this section, applicant pledges to provide the following unit amenities in all of the residential units of the project. Two points will be awarded per amenity offered, up to a maximum of 6 points. The costs of the amenities must be shown in the capital and/or operating budgets, as appropriate. Amenities must be appropriate to the proposed tenant population. Please check all that apply:

- _____ security alarm
- _____ an ENERGY STAR-labeled washer/dryer
- _____ patios

- _____ an ENERGY STAR-labeled dishwasher
- _____ garages
- _____ through the wall individual dwelling unit air conditioning
- _____ outside storage lockers
- _____ washer & dryer hook-up with drip pan/floor drain
- _____ high speed internet access
- _____ minimum bedroom size of 100 sq. ft.
- _____ an ENERGY STAR-labeled frost free refrigerator (14 cubic ft. for efficiencies and 1BRs, 16 cubic ft. for 2BRs, 18 cubic ft. for 3BRs and 20 cubic ft. for 4BRs)
- _____ minimum kitchen cabinets of 14 linear ft (up to 2 BR) and 16 linear ft (3BR or more)
- _____ minimum closet space (14 linear feet for efficiencies and 1BR, 24 linear feet for 2BR, 30 linear feet for 3BR and 35 linear feet for 4BRs)
- _____ emergency panic/call button, necklace for all residents - senior & Supportive Housing projects only
- _____ Other: _____
- _____ _____
- _____ _____

Note: Substitutions are not permitted without prior approval from NJHMFA; however, it is incumbent upon the applicant to demonstrate how each substitute amenity provides a comparable benefit to the tenants as those amenities listed above. If substitute amenities are provided, attach a separate page which explains how said proposal provides a comparable benefit to the tenants of the project.

10. PROJECT AMENITIES

By completing this section, applicant pledges to provide the following project amenities in the project. Two points will be awarded per amenity provided, up to a maximum of 4 points. The costs of the amenities must be shown in the capital and/or operating budgets, as appropriate. Amenities must be appropriate to the proposed tenant population. Please check all that apply:

- _____ community gardens
- _____ on-site laundry facilities using ENERGY STAR-labeled commercial equipment
- _____ playground (family projects only)
- _____ community room/building (minimum 1600 s.f.)
- _____ average interior unit sizes (500 s.f. for efficiencies, 650 s.f. for 1BRs, 875 s.f. for 2BRs, 1100 s.f. for 3BRs, 1200 s.f. for 4BRs)
- _____ 1.0 parking spaces per unit (off-street: garage, parking lot, pad or driveway; or on-street: designated/permit)
- _____ Other: _____
- _____ _____
- _____ _____

Note: Substitutions are not permitted without prior approval from NJHMFA; however, it is

incumbent upon the applicant to demonstrate how each substitute amenity provides a comparable benefit to the tenants as those amenities listed above. If substitute amenities are provided, attach a separate page which explains how said proposal provides a comparable benefit to the tenants of the project.

11. COMMUNITY POLICING/PUBLIC SAFETY ENHANCEMENTS

By completing this section, applicant pledges to provide the following community policing or public safety enhancements in the project. Projects which demonstrate at least one of the following enhancements shall be awarded 2 points. The costs of the enhancements must be shown in the capital and/or operating budgets, as appropriate. Please check all that apply:

- _____ Evening hour security guard
- _____ On-site community policing station
- _____ Camera/security system in each building
- _____ Coordination/training for community policing groups and/or property manager by law enforcement officers
- _____ Incorporation of Community Policing Through Environmental Design (CPTED) characteristics in the design, layout and construction of buildings and on-site facilities
- _____ Partnerships or agreements which increase on-site police and security patrols on the development site (i.e, leveraging partnerships with other funding sources for police salaries such as State Urban Enterprise Zones, Special Improvement Districts, Community Oriented Policing grants, etc.)
- _____ Innovative approaches which increase the number of community policing volunteers as residents of the development (including rent reductions or subsidies where allowable)
- _____ Using operating funds or alternative funding sources such as Urban Enterprise Zone funds or HUD grants to purchase or subsidize the purchase of take-home police vehicles for law enforcement officers in the development.
- _____ Other: _____
- _____ _____
- _____ _____

Note: Substitutions are not permitted without prior approval from NJHMFA; however, it is incumbent upon the applicant to demonstrate how the proposed substitution provides a comparable benefit to the tenants as those items listed above.

12. SITE SELECTION

The project site is proximate* to the following land uses (check all that apply). Remember, in order to receive points in this category, proximity to the following sites 1-15 must be addressed in the market analysis as required at N.J.A.C. 5:80-33.12(c)(1).

Positive Land Uses - Two points each, unless noted, for a maximum of 6.

- (1) Full service grocery store or supermarket (minimum 15,000 sq ft)
- (2) Pharmacy
- (3) Department or Retail Merchandise Store
- (4) Bank/Credit Union
- (5) Restaurant, exclusive of fast food restaurants
- (6) Indoor public recreation facilities, such as civic centers, community centers, & libraries
- (7) Outdoor public recreation facilities such as parks, and swimming pools
- (8) Hospital/medical clinic
- (9) Medical offices (physician, dentistry, optometry)
- (10) Public Schools (non-senior projects only);
- (11) Senior Center
- (12) Religious Institution – eligible for only one point
- (13) Licensed Day Care Services (non-senior projects only);
- (14) Post Office, City Hall, County Courthouse; and
- (15) Fire/Police Station
- (16) Brownfield Site

Applicants shall submit a Remedial Action Work Plan or Response Action Outcome (RAO) approved by the New Jersey Department of Environmental Protection (DEP) or its designee (a Licensed Site Remediation Professional or LSRP), or a No Further Action (NFA) letter issued by the DEP within the past 10 years. The NFA shall be for an unrestricted use, or, if it is for a limited restricted use, the applicant shall provide confirmation from an LSRP that the proposed development may still be constructed consistent with the limited use.

(17) Redevelopment Project

For an “area in need of redevelopment” or an “area in need of rehabilitation”, submit the following documentation:

- A copy of the resolution designating the area an Area in Need of Redevelopment or Area in Need of Rehabilitation;
- A copy of the adopted Redevelopment Plan, approved by the municipal governing body or a copy of the Neighborhood Revitalization Plan, approved by the Commissioner of DCA.
- A parcel map that delineates the redevelopment plan boundaries and locates the subject LIHTC project within the boundaries; and provides block and lot information for the project; and
- A letter from the municipality stating that the project is consistent with and further the goals and objectives of the adopted redevelopment plan.

Negative Land Uses – Three points deducted for proximity to any of the following:

- (1) Land fill;
- (2) Garbage dump;
- (3) Trash incinerator;
- (4) Nuclear power plant;
- (5) Oil/chemical refinery;
- (6) Unremediated Superfund or toxic waste site as identified by the Environmental Protection Agency

* For purposes of this point category, “proximity” shall be defined as located within 1/2 mile for positive land uses and within 1 mile for negative land uses.

13. HISTORIC BUILDING/ ADAPTIVE REUSE and HIGHER OPPORTUNITY AREAS

If the project includes the rehabilitation of an historic building, submit one of the following:

- i. Confirmation that the building(s) is listed on the New Jersey or National Registers of Historic Places either individually or as a contributing building to a historic district;
- ii. Determination of Eligibility issued to the building(s) by the Keeper of the National Register of Historic Places;
- iii. Certification by the Keeper of the National Register that the building(s) identified as a contributing building to Local Historic Districts substantially meet the National Register Criteria; or
- iv. State Historic Preservation Officer Opinion or Certification that the property is eligible to be listed on the National Register of Historic Places either individually or as a contributing building to a historic district

To qualify for 1 point, a significant component of the development (40 percent of the units or more) shall be located within a historic building or a building being adaptively re-used.

- a. Public Transportation – The project must be fully located within a ½ mile of public transportation and the proximity shall be confirmed in the project’s market analysis.
- b. Proficient School District – Submit evidence that the applicable school district met the requirement of 40% or more of the students are either meeting expectations (Level 4) or exceeding expectations (Level 5) on the Grade 4 Partnership for Assessment of Readiness for College and Careers (PARCC) assessment in both math and language arts during either the most current calendar year available or the preceding year. Please contact the Tax Credit Division at 609-278-7629 for a list of eligible school districts.
- c. Submit evidence that the average annual employment for the municipality totals at least 95% of the housing units in the municipality during either the most current calendar year available or the preceding year based on the New Jersey Department of Labor Quarterly Census of Employment and Wages, Municipal Annual Reports found at http://lwd.dol.state.nj.us/labor/lpa/employ/qcew/qcew_index.html and the five-year American Community Survey, Table B25001 found at: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t> For assistance, please contact the Tax Credit Division at 609-278-7629.
- d. Family projects located outside of Targeted Urban Municipality (refer to LIHTC Appendix) can submit in this section a court-approved Municipal Fair Share Plan or court-approved project-specific settlement agreement for 1 point.

14. GREEN BUILDING

Please refer to the LIHTC Appendix for required submissions in the Application.

4 Point options

Participation in one of the following programs*:

- 1.) Enterprise Green Communities Mandatory **plus 35 points**
 - a. 2015 EGC Criteria
 - b. 35 optional points for New Construction, 30 optional points for Substantial Rehab.
 - c. If pursuing actual certification, see EGC's definition of affordable housing projects. Projects must serve residents at or below 60% AMI.
- 2.) LEED Version 4.0 **Silver or higher** (Homes, Multifamily Midrise or New Construction)
- 3.) NGBS 2012(National Green Building Standard) 2012 Version **Silver or higher**
 - a. Silver = 334 points minimum
- 4.) New Jersey Zero Energy Ready Home (Tier 3)
 - a. Aligns with DOE Zero Energy Ready Home specs
 - b. HERS Score 50 and below.
 - c. Tier 3 Plus includes Solar Electric or Thermal
- 5.) Living Building Challenge
 - a. At least 3 of the 7 petals
- 6.) Passive House
 - a. PHIUS or PHI. If doing PHI, consult with the Technical Services Green Technical Advisor.

**Certification is not required but all mandatory requirements of each program must be followed and documented to NJHMFA.*

3 Point options

Participation in one of the following programs*:

- 1.) Enterprise Green Communities **Mandatory criteria**
- 2.) LEED v4 **Certified**
- 3.) NGBS 2012 (National Green Building Standard) **Bronze or higher**
 - a. Bronze = 231 points minimum

**Certification is not required but all mandatory requirements of each program must be followed and documented to NJHMFA.*

Submit also in this section (as applicable):

- Energy Benchmarking: The application shall include:
 - Completed and signed letter of intent from the developer to NJHMFA.

15. SUCCESSFUL DEVELOPMENT EXPERIENCE

For 3 points:

Submit evidence that the general partner, voting member, developer or related party (with at least 50-percent interest in this project’s general partner/managing-member entity) has successfully developed and operated at least two other low-income housing tax credit properties. Provide confirmation from the applicable permanent mortgage lender (or equity investor if no permanent debt) and housing credit agency that at least two other low-income housing tax credit properties meet ALL of the following requirements as of the application deadline:

- a. No outstanding issues of non-compliance
- b. 93% occupancy
- c. 1.15 debt-service coverage for six consecutive months

Sample letters from lender and investor can be found in the LIHTC Appendix.

Note: If HMFA is the mortgage lender and/or housing credit agency, HMFA shall verify the above information for the following projects. If permanent lender is not HMFA for an in-state project, debt service coverage must still be evidenced.

New Jersey Properties:

	<u>Name</u>	<u>LITC #</u>	<u>County</u>	<u>Permanent Debt - Yes/No</u> (If yes, state Mortgagee)
Project #1:	_____	_____	_____	_____
Project #2:	_____	_____	_____	_____

Out-of-State Properties:

	<u>Name</u>	<u>Permanent Debt</u> (Yes/No)	<u>Location</u> (City, State)
Project #1:	_____	_____	_____
Project #2:	_____	_____	_____

For 2 points:

Submit evidence that the general partner, voting member, developer or related party (with at least 50-percent interest in this project’s general partner/managing-member entity) has successfully developed and operated at least one low-income housing tax credit property.

Submit a copy of the executed management agreement with a Property Management company as well as evidence of at least 5 years of experience managing tax credit properties and a portfolio of over 300 units.

New Jersey Properties:

	<u>Name</u>	<u>LITC #</u>	<u>County</u>	<u>Permanent Debt - Yes/No</u> <u>(If yes, state Mortgagee)</u>
Project #1:	_____	_____	_____	_____

Out-of-State Properties:

	<u>Name</u>	<u>Permanent Debt</u> <u>(Yes/No)</u>	<u>Location</u> <u>(City, State)</u>
Project #1:	_____	_____	_____

16. QUALIFIED NONPROFIT SPONSOR

Complete and include all of the following documents in this section if this is a nonprofit sponsored project:

- a. Nonprofit Certification (see Appendix) for each general partner that is a qualified nonprofit organization under the meaning of the Code as well as under the 2017 Qualified Allocation Plan;
 - b. Summary of the qualified nonprofit general partner(s) proposed material participation in the development of the project;
 - c. Resume of qualified nonprofit general partner(s);
 - d. By-Laws/Articles of Incorporation of qualified nonprofit general partner(s);
 - e. List of board members/officers for the qualified nonprofit general partner(s); and
 - f. If applicable, a copy of the turnkey/development agreement between the developer and limited partnership or the joint venture agreement that clearly defines the nonprofit’s ownership interest.
-

17. MUNICIPAL POVERTY RATE

Refer to the five-year American Community Survey, Table S1701 (Poverty Status in the Past 12 Months), U.S. Department of the Census found at:

<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

Data from the most current year as well as the previous year shall be accepted.

OUTSIDE OF TUM

3 points – 6.00% poverty or less

2 points – 6.01% - 10.7% poverty

1 point – greater than 10.7% poverty

WITHIN TUM

2 points – 17.00% or less

1 point – 17.01% and higher

18. SENIOR RENTERS

In the Senior cycle only, 2 points shall be awarded to projects located within municipalities that meet BOTH requirements below. Data from the most current year as well as the previous year shall be accepted.

<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

1. 25% or less of the occupied housing units are renter- occupied housing units. Refer to American Community Survey Five-Year Estimates, Table S2502 (Demographic Characteristics for Occupied Housing Units)
2. 25% or more of the municipality is 55 years of age or older. Refer to Table DP05 (ACS Demographic and Housing Estimates), U.S. Department of the Census.

19. NEGATIVE POINT CATEGORIES

Please circle “Y” or “N” for each of the following statements, which apply to the general partner, voting member AND developer of the project. Failure by either the general partner, voting member or developer to respond shall result in the deduction of points as provided.

Full Credit Return Involvement

Y or N The general partner/ voting member/developer (or any related party) has been involved in a full credit return in the State of New Jersey for a tax credit project. If yes, provide on a separate page the name of the project(s) and the date of the tax credit return.

Receipt of Formal Notice of Non-Compliance

Y or N The general partner, voting member, developer or any related party has received a

Formal Notice of Non-Compliance for a NJ tax credit project(s) for the following reasons:

1. A violation of State and local building codes or health ordinances;
2. Failure of one or more major systems (for example, roof, HVAC, elevators, plumbing and electric); or
3. Failure to fulfill any Qualified Allocation Plan provisions as represented by an owner in a project's New Jersey LIHTC application.

If yes, provide on a separate page the name of the project(s), a description of the non-compliance and if corrected, the date of correction.

Non-Issuance of IRS Form 8609

Y or N The general partner, voting member, developer or any related party has failed to receive the IRS Form 8609 from NJHMFA for a tax credit project(s). If yes, provide on a separate page the name of the project(s) and the reason(s) why the Form 8609 has not been issued.

Failure to Pay Monitoring Fees

Y or N The general partner, voting member, developer or any related party has failed to pay NJHMFA monitoring fees for a tax credit project. If yes, provide on a separate page the name of the project(s).

Failure to Submit Annual Project Certifications and/or Annual Tenant Data via the Agency's Web System

Y or N The general partner/voting member/developer (or any related party) has failed to submit the Owner Certification of Continuing Program Compliance and/or Tenant Data for a NJ tax credit project. If yes, provide on a separate page the name of the project(s).

HMFA Arrearages

Y or N The general partner, voting member, developer, or related party owns a managing or controlling interest in an NJHMFA-financed property with three or more months of arrearages, with no workout plan (as approved by the Executive Director). If yes, provide on a separate page the name of the project(s).

REMINDER: Applications that receive negative points under N.J.A.C. 5:80-33.15(a) 15, 17 or 18 shall not be eligible to compete in the set-asides described at N.J.A.C. 5:80-33.4 and 33.5.

PART IV -- SPONSOR CERTIFICATION & BREAKDOWN OF COSTS & BASIS

1. Sponsor Certification
2. HERA Basis Boost Request
3. Breakdown of Costs and Basis
4. Eligible Basis Limits Worksheet
5. Tiebreakers
6. Limits and Percentages
7. 15 year operating pro forma – in Part IV
8. Signature Page for Breakdown and Proforma

SPONSOR CERTIFICATION

- Application
- Reapplication
- Carryover
- Placed in Service

State of _____
SS.

County of _____

The undersigned, as the duly authorized representative of _____, the developer/applicant and/or the recipient of an allocation by the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") of a Low-Income Housing Tax Credit pursuant to Section 42 of the Internal Revenue Code of 1986 ("Code"), as amended, for the project known as _____ acknowledges and certifies as follows:

1. You must check and complete one of the following:

- It is anticipated that the project will be placed in service on, or prior to December 31, _____
- OR -
- The project was placed in service on _____.

2. The developer/applicant/recipient fully intends to abide by all applicable federal laws and state laws and regulations relating to the Low-Income Housing Tax Credit and the Qualified Allocation Plan, including, but not limited to, fully disclosing all financial interests in all general partner, developer, and managing member entities, including any individual or entity acting as a guarantor or surety of any such entity.

3. The developer/applicant/recipient is not relying on any NJHMFA statements or representations as to the value of the allocation of the low-income housing tax credit, including, but not limited to, representations or statements concerning the initial and continuing project eligibility under applicable federal law, calculation of qualified basis and eligible basis, determination of whether federal subsidy is involved, term of the tax credit, term of the compliance, potential impact of future changes in federal law and applicability of recapture requirements and penalties.

4. The developer/applicant/recipient must enter into an extended low-income housing commitment with NJHMFA pursuant to Section 42 (h)(6) of the Code in which the taxpayer and his/her successors agree to meet the elected set aside and the applicable fraction of low-income occupancy for an extended use period of at least fifteen years beyond the agreed compliance period (subject to possible termination of the extended use period under circumstances described in the Code). The agreement incorporates a Deed of Easement and Restrictive Covenant to be executed by the tax credit recipient and recorded by NJHMFA. The Deed of Easement and Restrictive Covenant must be executed in the form required by NJHMFA and

delivered to NJHMFA once the deed/lease conveying title to the final ownership entity has been recorded.

It is further acknowledged that the terms of the Deed of Easement and Restrictive Covenant will be enforceable by NJHMFA or by qualified prospective, present or former low-income occupants of the Project in the state courts during the compliance and extended use period. The Deed of Easement and Restrictive Covenant may have a negative effect on the future value of the Project.

The undersigned further acknowledges that the developer/applicant/recipient will need the consent of any present mortgage holders on the subject property to record the restrictive covenant since any foreclosing taxpayer may neither evict without cause nor increase the gross rent on low-income units until three years after he/she forecloses on the project and terminates the extended use period.

5. The development costs of the project (as of this time) as detailed in the attached breakdown of costs and basis were prepared by the developer/applicant/recipient or his/her agents and are accurate to best of his/her knowledge.
6. Section 42(m)(2) of the Code dictates that the housing credit agency shall not allocate tax credits exceeding the amount needed for project feasibility. Consequently, the developer/applicant/recipient consents with this certification to a possible reduction of credits subsequent to needs analyses conducted by NJHMFA at carryover and placed in service dates.
7. Pursuant to Section 42(m)(2) of the Code, the undersigned hereby certifies that the developer/applicant/recipient has disclosed to the State Housing Agency, in writing, the full extent of all Federal, State and local subsidies which apply (or which developer/applicant/recipient expects to apply) with respect to the Project.
8. If this is a reapplication, *you must check one of the following*:
 - Project did not receive full credit amount supportable by the project's eligible basis in a prior year
 - Project did not receive allocation in a previous cycle
 - Project is seeking additional credits
9. The developer/applicant/recipient acknowledges its continuing affirmative obligation under the Qualified Allocation Plan to advise NJHMFA of any changes to any aspect of the project. If this is a reapplication or request for Carryover Allocation or Part I of the IRS Form 8609, *you must check one of the following*:
 - NO changes to the project as previously submitted in the application have been made.
 - Changes have been made to aspects of the project since the original application. Documentation fully disclosing and substantiating these changes are included as required by the Qualified Allocation Plan.

CERTIFICATION

I, _____, hereby represent and state that the foregoing information, and all information submitted for the purpose of applying for Low-Income Housing Tax Credits, is true and complete. I acknowledge that the New Jersey Housing and Mortgage Finance Agency is relying on said information and thereby acknowledge that the undersigned entity is under a continuing obligation, from the date of this Certification through the completion of the Project, to notify NJHMFA in writing of any changes to the information contained in this certification and in the application. Under penalty of perjury, 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 and/or the undersigned entity is subject to criminal prosecution under the law, possible loss of tax credit allocation, and disqualification from future participation in the Low Income Housing Tax Credit Program in New Jersey.

Sworn and subscribed to before the undersigned Notary Public on the date appearing below:

Witness/Attest (Secretary)
By: _____
Authorized Representative/
President of Corporation

Print Name and Title

ACKNOWLEDGMENT

CORPORATIONS

I CERTIFY that on _____, _____, _____ personally came before me, and acknowledged under oath, to my satisfaction, that he/she is the Secretary of _____, the Corporation named in the within Instrument; that _____ is the President of said Corporation; that the execution, as well as the making of this Instrument, has been duly authorized by a proper resolution of the Board of Directors of the said Corporation and said Instrument is signed and delivered by said President as and for the voluntary act and deed of said Corporation, in the presence of deponent, who thereupon subscribed his/her name thereto as attesting witness.

LIMITED PARTNERSHIPS

I CERTIFY that on _____, _____, _____ personally came before me, and acknowledged under oath, to my satisfaction, that (a) he/she is the president of _____, the general partner of _____, the Limited Partnership named in this document; (b) he/she was authorized to execute this document on behalf of the partnership and; (c) this document was signed and delivered by him/her as the voluntary act of the general partner and the limited partnership.

LIMITED LIABILITY COMPANIES/PARTNERSHIPS

I CERTIFY that on _____, _____, _____ personally came before me, and acknowledged under oath, to my satisfaction, that (a) he/she is the president of _____, the voting member of _____, the Limited Liability Company/Partnership ("LLC/LLP") named in this document; (b) he/she was authorized to execute this document on behalf of the LLC/LLP and; (c) this document was signed and delivered by him/her as the voluntary act of the voting member and the LLC/LLP.

SWORN TO AND SUBSCRIBED before me this _____ day of _____.

A Notary Public of _____

My Commission Expires on: _____

2. H.E.R.A. BASIS BOOST (submit if applicable)

_____ By checking this section, applicant requests an additional boost in eligible basis, up to 30 percent, afforded projects under the Housing and Economic Recovery Act of 2008 (H.E.R.A.).

In addition, submit the following:

- a. Basis boost percentage requested: _____ (Maximum: 30.00%)
- b. Narrative (and any supporting documentation) justifying the financial need for the basis boost

NOTE: Any projects located in a Qualified Census Tract (QCT) or Small Difficult to Develop Area (SDDA) designated by HUD are already awarded an additional 30% basis boost and need not request.
