



Housing Trust Fund

*State of New Jersey
Department of Community Affairs
Allocation Plan*

2016



II. GRANTEE INFORMATION

State:

State of New Jersey

FY 2016 HTF Allocation Amount:

\$ 3,738,267

III. CONSOLIDATED PLAN REQUIREMENTS

Citizen Participation Plan

The consolidated plan regulation at § 91.115 requires the State to include HTF in its citizen participation plan. Essentially, before adopting a consolidated plan, the State is required to adopt a citizen participation plan that describes the process for providing and encouraging citizens to participate in the development of the consolidated plan, the amendments to the consolidated plan and the performance report (CAPERS). For the purposes of HTF, the State is required to make the following information available to the public:

- the amount of HTF assistance the State expects to receive,
- the range of activities the State may undertake, including the estimated amount that will benefit extremely low-income households, and
- the State's plans to minimize displacement of persons and to assist any persons displaced.

If the State already conducted its citizen participation and included HTF in any citizen participation it performed for the other HUD formula grant programs, then the State does not need to conduct additional citizen participation for HTF. If the State has not yet conducted citizen participation or did not include HTF in the citizen participation it performed for other HUD formula grant programs, then it must conduct citizen participation to include HTF as part of its consolidated plan.

Consolidated Plan Screen(s) To Revise

The following screen in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- ES-05 / AP-05 Executive Summary:** § 91.320(b)- The Executive Summary includes seven narratives: (1) Introduction; (2) Summary of Objectives and Outcomes; (3) Evaluation of Past Performance; (4) Summary of the Citizen Participation and Consultation Process; (5) Summary of Public Comments; (6) Summary of Comments Not Accepted; (7) Summary.

- ☒ **PR-15 Citizen Participation:** § 91.115 and § 91.300(c)- revise this screen to provide a summary of the citizen participation efforts made for HTF, including efforts to broaden public participation, a summary of citizen comments or views on the plan, and a written explanation of comments not accepted and the reasons why these comments were not accepted.

IV. STRATEGIC PLAN REQUIREMENTS

The State must amend the affordable housing section of the strategic plan to include specific objectives that describe proposed accomplishments the State hopes to achieve and must specify the number of extremely low-income families to which the State will provide affordable housing to (homeownership- § 93.302; rental- § 93.304) over a specific period of time. The State can complete this requirement by including HTF on the **SP-45 Goals screen**.

Note: Directions on how to amend a plan are included at the end of this document.

Reminder: 100 percent of FY 2016 HTF funds must benefit extremely low-income households; a minimum of 80 percent must be used for rental housing; up to 10 percent may be used for homeownership housing; up to 10 percent may be used for administrative costs.

Strategic Plan Screen(s) To Revise

In addition to updating the affordable housing section of the strategic plan, the following screens in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- ☒ **SP-10 Geographic Priorities:** § 91.315(a)(1)- revise this screen to discuss how investments are allocated geographically.
- ☒ **SP-25 Priority Needs:** § 91.315(a)(2)- revise this screen to indicate the general priorities for allocating investment of available resources among different needs.
- ☒ **SP-30 Influence of Market Conditions:** § 93.315(b)- revise this screen to describe how the characteristics of the housing market influenced the State's decisions regarding allocation priorities among the types of housing assistance.
- ☒ **SP-35 Anticipated Resources:** § 91.315(a)(4); § 91.320(c)(1) and (2)- revise this screen to identify the federal, state, local, and private resources expected to be available to the State to address priority needs and specific objectives identified in the strategic plan. Specifically, the State should add a program to this screen by

selecting “Add” in the *Action* column. This will open the **SP-36 Add Anticipated Resource** screen. The State should select “Other” in the *Anticipated Resource* field and enter “Housing Trust Fund” in the *Other Funding Source* field. The State should also select the “public - federal” radio button in the “Source” field and complete the rest of the fields on this screen for its HTF program.

- SP-45 Goals:** § 91.315(a)(4) and § 91.315 (b)(2)- revise this screen to summarize the State’s priorities and the specific goals it intends to initiate and/or complete within the term of the strategic plan. The State must also ensure its five year goals include any accomplishments due to HTF funds and must also enter the number of extremely low-income families to which the State will provide assistance with its HTF funds.

V. ANNUAL ACTION PLAN REQUIREMENTS

The State must include HTF in its annual action plan or amend the plan to include HTF information as required in § 93.320(k)(5). The action plan must include an HTF allocation plan that describes the distribution of HTF funds, and establishes the application requirements and selection criteria of applications submitted by eligible recipients that meet the State’s priority housing needs.

Annual Action Plan Screen(s) To Revise

The following screens in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- AP-15 Expected Resources:** § 91.320(c)(1) and (2)- revise this screen to provide a concise summary of the federal resources expected to be available. The HTF resources added to the **SP-35 Anticipated Resources** screen will carry over to this screen.
- AP-20 Annual Goals and Objectives:** § 91.320(c)(3) and (e)- revise this screen to summarize the specific goals the State intends to initiate and/or complete within the term of the program year. Any HTF related goals and objectives entered on the **SP-45 Goals** screen will carry over to this screen.
- AP-25 Allocation Priorities:** § 91.320(d)- revise this screen to describe the reasons for the State’s allocation priorities and how the proposed distribution of funds will address the priority needs and goals of the strategic plan.

- ☒ **AP-30 Method of Distribution:** § 91.320(d) and (k5)- revise this screen to include a description of its method(s) for distribution for the “Other – Housing Trust Fund” selection based on the entry made on the **SP-35 Anticipated Resources** screen.
- ☒ **AP-50 Geographic Distribution:** § 91.320(f)- revise this screen to describe the geographic areas of the state in which it will direct assistance during the ensuing program year and provide rationale for its priorities in allocating investment geographically.
- ☒ **AP-55 Affordable Housing:** § 91.320(g)- revise this screen to specify goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year.
- ☒ **AP-65 Homeless and Other Special Needs Activities:** § 91.320(h)- revise this screen to describe how HTF will help to address the State’s one-year goals and actions for reducing and ending homelessness, if applicable.
- ☒ **AP-75 Barriers to Affordable Housing:** § 91.320(i)- revise this screen to describe how HTF will help with any actions the State’s will take during the next year to reduce barriers to affordable housing, if applicable.
- ☒ **AP-85 Other Actions:** § 91.320(j)- revise this screen to describe how HTF will help with any actions the State will take during the next year to carry out the following strategies outlined in the consolidated plan:
 - Foster and maintain affordable housing;
 - Evaluate and reduce lead-based paint hazards;
 - Reduce the number of poverty-level families;
 - Develop institutional structure; and
 - Enhance coordination.

In addition, the State must identify obstacles to meeting underserved needs and propose actions to overcome those obstacles using HTF funds, if applicable.

HTF Funding Priorities-§ 91.320(k)(5)(i)

The State is responsible for distributing HTF funds throughout the State according to its housing priority needs. In addition to revising the **AP- 30 Method of Distribution** screen in IDIS, the State must respond to the following questions.

1. Will the State distribute HTF funds through grants to subgrantees? If yes, describe the method for distributing HTF funds through grants to subgrantees and how the State will make those funds available to units of general local governments. If no, state N/A.

N/A

2. Will the State distribute HTF funds by selecting applications submitted by eligible recipients? If yes, describe the eligibility requirements for applicants as defined in § 93.2- definition of recipient. If no, state N/A.

Yes, grant awardees will be required to demonstrate knowledge of state and other federal programs, in addition to Housing Trust Fund requirements. The State will distribute HTF funds by selecting applications submitted by eligible recipients. Eligible recipients will be for-profit or non-profit developers who demonstrate the experience and capacity to successfully undertake the proposed activities. Eligible recipients must demonstrate, through their own experience or through formal partnership with other entities participating in the proposed project:

- Experience in developing affordable housing
- Experience in managing affordable housing
- Experience in working with the target population
- Organization must be financially sound
- Organization must be in good standing with the State of New Jersey Department of Community Affairs (DCA) and the U.S. Department of Housing and Urban Development (HUD)

3. Will the State distribute HTF funds by selecting applications submitted by eligible recipients? If yes, describe all the criteria that will be used to select applications and the relative importance of these criteria. At a minimum, as required in § 91.320(k)(5)(i), the selection criteria must include:

- Priority based upon geographic diversity
- Applicant’s ability to obligate HTF funds
- Applicant’s ability to undertake eligible activities in a timely manner
- For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low-income families
- For rental housing, the duration of the units’ affordability period
- The merits of the application in meeting the State’s priority housing needs
- The extent to which application makes use of non-federal funding sources
- Other (please describe). Please attach response if you need additional space.

DCA will make applications available statewide through its System for Administering Grants Electronically (SAGE) database. All of the first year's funding, minus administration, will finance rental housing. All units will be affordable to households earning less than 30% of the HUD Area Median Income (AMI) and will be restricted for a period of no less than 30 years. To ensure affordability and project feasibility, DCA will provide project-based Housing Choice Vouchers to projects that are successful in the HTF application and serve eligible households.

The criteria DCA will use to select applications are as follows:

Priority based upon geographic diversity. DCA anticipates awarding at least one project in the northern part of the State and one project in the southern part of the State. Although the entire State is eligible, DCA reserves the right to distribute projects equitably throughout the state regardless of score.

In addition, in order to further the State's commitment to the development of affordable housing in areas of high opportunity, applications will receive points (maximum 31 out of 100) for projects located in places with access to public transportation and other amenities. Proximity to DCA funded re-entry programs and the services they provide will be an important consideration in light of the State's articulated housing need with respect to this population and its ongoing investment in programs intended to reduce recidivism.

Applicant's ability to obligate HTF funds and applicant's ability to undertake eligible activities in a timely fashion.

The applicant's capacity and successful experience in developing and managing affordable housing projects will be crucial in ensuring that HTF funds are obligated quickly and that projects are successfully completed in a timely fashion. Applications will receive points (maximum 26 out of 100) for demonstrating ability to meet the following criteria:

- Applicant has experience in developing affordable housing
- Applicant has demonstrated financial ability to develop the project
- Applicant has experience with DCA and HUD programs
- Applicant has no loan findings or other outstanding issues with DCA or HUD
- Project timeline is feasible and project will be completed within three years of award
- Project budget is feasible and reasonable

For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low-income families. DCA will award project-based Housing Choice Vouchers to successful applicants to ensure that all rents are affordable to extremely low-income families.

For rental housing, the duration of the units' affordability period. DCA will require all projects, as a threshold criterion, to commit to a 30-year affordability period. Applications will receive points for projects that extend the affordability period beyond the 30 year requirement.

The merits of the application in meeting the State’s priority housing needs (please describe).

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

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

DCA will award points to applications that describe a strong history of experience in serving the designated special needs population and provide a social services plan and evidence that voluntary social services will be made available to tenants.

Re-Entry Population. Breaking the cycle of incarceration and homelessness is crucial in reducing recidivism and helping individuals successfully re-integrate into their communities. One of the top predictors of homelessness is an individual’s arrest history (Caton et al., 2005). According to a 2004 study of people released from New York state prisons to New York City, 11.4% of individuals released became homeless within two years, and use of emergency shelter was a predictor of recidivism (Metraux & Culhame, 2004). In NJ’s 2015 Annual Homelessness Assessment Report (AHAR), 1,640 individuals (9% of homeless households included in the report) identified the primary contributing factor to their homelessness as their release from prison or jail.

In order to assist in the State’s goals of preventing and reducing homelessness and recidivism, DCA will award points (maximum of 22 out of 100) to applications for projects that will serve the re-entry population.

- Applicant has experience in serving special needs and/or re-entry populations
- Applicant is a non-profit
- Application includes service plan detailing how services will be provided on a voluntary basis to targeted special needs population (by applicant or by partner in formal Memorandum of Understanding)
- 100% of units will serve re-entry population

The extent to which application makes use of non-federal funding sources. While projects may apply for up to 100% of financing from the HTF funds, DCA will award points (maximum of 6 out of 100) to projects that include evidence of leverage from other non-federal sources.

Other Criteria. Based on the size of the HTF allocation, the State’s priority for serving people with special needs in community-integrated housing in high opportunity areas, and the priority for timely development, DCA will award points (maximum of 15 out of 100) to projects based on the following criteria:

- Project provides extended affordability controls beyond the initial 30 years
- Project will contain no more than 4 units
- Project will be acquisition and moderate rehabilitation

Recipient Application Requirements- § 91.320(k)(5)(ii)

1. Will the State require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds as required in § 93.200- Eligible activities?

Yes No

2. Will the State require that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements?

Yes No

VI. OTHER REQUIREMENTS

Maximum Per-unit Development Subsidy Amount- § 91.320(k)(5) and § 93.300(a)

The State must establish its own maximum limitations on the total amount of HTF funds that can be invested per-unit for development of non-luxury housing. The limits must be reasonable, based on actual costs, and adjusted for the number of bedrooms and geographic location of the project. The State may choose to develop its own limits or adopt limits used in other federal programs such as HOME or Low-Income Housing Tax Credit and must submit them with its HTF allocation plan. The State must submit a description of how the HTF maximum per-unit development subsidy amounts were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements.

Indicate below what maximum per-unit development subsidy limits the State will use for its FY 2016 HTF program.

- State developed its own maximum per-unit development subsidy limits and the limits are stated below.

- State adopted limits used in other federal programs and the limits are attached.

Subsidy amounts were tailored after the current HOME subsidy limits with some upward adjustment based on actual production costs in the State’s CDBG-DR Neighborhood Enhancement Program (NEP) and the State’s Special Needs Housing Partnership Loan Program (SNHPLP.) The Department, in addition to the aforementioned findings, conducted comparative research of construction costs throughout the state and found the costs to be consistent with no large variations. Maximum award per project will not exceed \$700,000. Each entity will be limited to develop only one project. One project per municipality will be funded. The Maximum per unit subsidy will be based on unit bedroom size per the chart below:

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

Rehabilitation Standards - § 91.320(k)(5)(iv) and § 93.301(b)

If the State intends to use its HTF funds for housing being rehabilitated, it must establish rehabilitation standards that all HTF-assisted housing undergoing rehabilitation must meet at the time of project completion in accordance with § 93.301(b). The standards must provide enough details on what work is required, how that work should be performed and what materials should be used. The State’s standards may refer to applicable codes or may establish requirements that exceed the minimum requirements of the codes. At a minimum, the rehabilitation standards must address:

Indicate below if the State will use HTF funds for rehabilitation of housing.

- The State plans to use HTF funds for the rehabilitation of housing and will be using the rehabilitation standards stated below.
- The State will not use HTF funds for rehabilitation of housing.

Rehabilitation Standards

[New Jersey NHTF Minimum Housing Rehabilitation Standards](#) shall apply to NJHTF assisted projects. The standards provide details on what work is required, how that work should be performed (methods), and what materials should be used. The standards refer to applicable codes and in some circumstances establish requirements that exceed the minimum requirements of codes. Methods and materials are specified in some of the incorporated applicable codes referenced on page 6. In addition, NJHTF Minimum Housing Rehabilitation Standards include language that provides detail on methods and materials. The rehabilitation standards address the following categories: health and safety; major systems; lead-based paint; accessibility; disaster mitigation; State and local codes, ordinances, and zoning requirements; and inspectable areas and observable deficiencies from HUD’s Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing.

Applicants must be able to demonstrate compliance with these standards. If any particular element of the project does not meet the standards, applicants must bring this to the attention of NJHTF staff. Waivers may be requested in accordance with NJHTF procedures.

Resale and/or Recapture Provisions- § 91.320(k)(5)(v) and § 93.304(f)

If the State intends to use HTF funds to assist first-time homebuyers, it must set forth the guidelines for resale or recapture and obtain HUD specific, written approval, as required in § 93.304(f). Approval of the consolidated plan or annual action plan under § 91.500 or the failure to disapprove the consolidated plan or annual action plan does not satisfy the requirement for specific HUD approval for resale or recapture guidelines.

Indicate below if the State intends to use HTF funds for first-time homebuyers.

- The State will use HTF funds to assist first-time homebuyers and has attached the applicable resale/recapture provisions.
- The State will not use HTF funds to assist first-time homebuyers.

HTF Affordable Homeownership Limits- § 91.320(k)(5)(vi) and § 93.305

HTF funds may only be invested for the provision of modest housing for homeownership. This means the housing has a purchase price for the type of single family housing that does not exceed 95 percent of the median purchase price for the area for newly constructed or standard housing. If the State plans to use HTF funds for homebuyer assistance, and does not use the HTF affordable homeownership limits established by HUD, it must determine 95 percent of the median purchase price for single family housing for designated areas across the State. If the State will determine its own affordable homeownership limits, it must determine the limits using the methodology described in § 93.305(a)(2).

Indicate below if the State will use HTF funds for homeownership housing and what affordable homeownership limits it will use.

- The State will use HTF funds for homeownership housing and will use the HUD Issued limits.
- The State will use HTF funds for homeownership housing and has determined its own affordable homeownership limits and the limits are attached.
- The State will not use HTF funds for homeownership housing.

State Limited Beneficiaries or Preferences- § 91.320(k)(5)(vii)

The State may limit the beneficiaries or give preferences to a particular segment of the extremely low-income population only if described in the action plan. Any limitation or preference must not violate non-discrimination requirements at § 93.350 and the State must not limit or give preferences to students. The State may also allow rental housing owners to

limit tenants or give a preference in accordance with § 93.303(d)(3), only if such limitation or preference is described in the action plan.

Indicate below if the State will limit beneficiaries or give preferences to a particular segment of the extremely low-income population.

- The State will limit beneficiaries and/or give preferences to the following segments of the extremely low-income population. The groups listed have also been identified in the action plan.
- The State will not limit beneficiaries and/or give preferences to any segments of the extremely low-income population.

As described above, the State will limit beneficiaries to extremely low-income households in which a head of household has a special need. In addition, the State will provide additional points for projects that will serve extremely low-income households in which a head of household is re-entering the community from jail or prison.

Refinancing of Existing Debt- § 91.320(k)(5)(viii) and § 93.201(b)

If the State will use HTF funds for refinancing of existing debt, it must establish refinancing guidelines and include them in its consolidated plan. The State's refinancing guidelines must describe the conditions under which it will refinance existing debt. At a minimum, the guidelines must demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. Refinancing of existing debt is only eligible if it is necessary to reduce the overall housing costs and to make the housing more affordable.

Indicate below if the State will permit the refinancing of existing debt.

- The State will permit the refinancing of existing debt and the conditions under which the State will refinance existing debt are attached.
- The State will not permit the refinancing of existing debt.

VII. GRANTEE CERTIFICATIONS

In addition to submitting an HTF allocation plan, the State must submit all the required certifications identified at § 91.225 (for new action plans). If the State is amending the action plan to include HTF, it must resubmit the following certification to include HTF:

- Consistency with plan- The jurisdiction must submit a certification that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan. Where the HOPWA funds are to be received by a city that is the most populous unit of general local government in an EMSA, it must obtain and keep on file certifications of consistency from the authorized public officials for each other locality in the EMSA in which housing assistance is provided. HTF must be included in this certification.

12/22/16