



NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

Low-Income Housing Tax Credit (LIHTC)

Frequently Asked Questions (FAQs)

The FAQs are an opportunity to provide all applicants and the public with the same information to preserve the competitive integrity of the 9% LIHTC program. Following is a list of questions that have been sent to the LIHTC mailbox with regard to the 2026 competitive 9% application round.

Applicants are encouraged to check the website prior to submitting a question to the LIHTC mailbox, NJHMFAtaxcredits@njhmfa.gov. As questions and responses are added, the revision dates will appear at the top of this page and will be included in a different color font. Applicants are encouraged to check back periodically.

Please be advised that it remains the sole responsibility of the Applicant to review carefully, and comply with, the requirements of QAP regulations and to ensure that any application presented to the NJHMFA Tax Credit unit of the Multifamily Supportive Housing and Lending Division is clear, unambiguous, and complete in all respects at the time of submission. Responses to FAQs are only examples of a theoretical application of a limited set of facts to the rule(s). They are for **guidance purposes only** and are not Agency regulations. If there is an inconsistency between the adopted Qualified Allocation Plan (QAP) and the responses to FAQs, then the QAP prevails. Until confirmed through final action of the Tax Credit Committee, responses presented in the FAQs are merely an aid and may not be relied upon as a recommendation, counsel, or expectation of an approval.

As a reminder, project-specific questions, including document review and/or confirmation of eligibility for threshold requirements or points, are not permitted.

2026 Round

Publication Date: March 23, 2026

Credit Authority & Award Amount

Q: Could you please share the credit year of the allocations you expect to award to projects applying to the July round?

A: The July 2026 9% round will award credits from the 2027 tax credit authority.

Q: Could you please share the amount of credit you expect to award to projects applying to the July round?

A: A minimum of \$25M in 9% LIHTC is expected to be made available to award.

Tiebreaker

Q: At N.J.A.C. 5:80-33.19(a)), the first tiebreaker uses two different metrics- one for projects located in a TUM, and one for projects located in a non-TUM. For a TUM, a tax credit reservation shall be awarded to the project located in the municipality with the lowest MRI ranking. In a non-TUM, the reservation shall be awarded to the project located in the municipality that has either never hosted a project that received a nine-percent LIHTC award or has gone the longest time since most recently hosting a project that received a 9% LIHTC award.

How is the tiebreaker determined in the event a project in a TUM and a project in a non-TUM score the same?

A: In this scenario, the first tiebreaker is irrelevant and would not be applicable. Therefore, the 1st tiebreaker would be bypassed and the 2nd tiebreaker would be used in order to make an even comparison.

Q: Section 5:80-33.19(a)1i says that the first Tiebreaker for a project outside of a TUM shall go to a project in a host municipality that has not received an award or the longest time since receiving an award. These questions below are regarding the exceptions:

Q1. Please clarify what is meant by "... prior awarded projects that are part of the same fair share housing development plan shall not be included for purposes of calculating the most recent year of award, provided that the current project was identified in the fair share housing development plan submitted with the previously awarded application(s) and provided further that the fair share housing development plan listing the project and evidence of court approval are submitted in the current application."

A1: By "part of the same fair share housing development plan," we mean phases of the same overall project that was identified as such in the originally submitted fair share plan. For example, if Phase 1 was previously awarded 9% LIHTC, but the fair share

plan submitted with the Phase 1 9% application identified Phase 2 as a future phase of Phase 1, then Phase 1 would be excluded from the tiebreaker calculation when Phase 2 submits an application for 9% LIHTC.

Q2. Is the intent to exclude all third and fourth round projects from the tiebreaker criteria because projects for both rounds are included in the Housing Element and Fair Share Plans (HEFSP)?

A2: The intent is for the tiebreaker to not penalize a project with multiple phases. If Project A has three phases, when A3 applies for LIHTC, Projects A1 and A2 will be excluded from the tiebreaker. However, if Project B or Project C is applying for LIHTC, then the Project A awardees will not be excluded from the tiebreaker.

Q3: Can multiple projects in the same town be awarded credits in the same tax credit cycle or subsequent cycles?

A3: N.J.A.C. 5:80-33.4(c) and 33.5(c) limit the number of 9% LIHTC awards that a municipality can receive in the same year:

To ensure equitable distribution if there are both excess demand and multiple ranking eligible applications from a single municipality, NJHMFA shall fund no more than two projects per year from the same municipality with a population of less than 100,000 and no more than three projects per year from the same municipality with a population of 100,000 or more based on the most recent American Community Survey Table DP05 (ACS 5-Year Demographic and Housing Estimates), U.S. Census Bureau (however, projects funded through the Supportive Housing Cycle will not be included in this count).

NJHMFA will accept only one application per developer/general partner/managing member per municipality in the Family Cycle, and in the Age-Friendly Senior Cycle in each 9% round.

Q4: Current HEFSP also flip projects from one round to another. How will you discern which project awards are excluded from the Tiebreaker?

A4: The current applicant must have been identified as a later phase of the same project in the fair share housing development plan submitted with the previously awarded application(s). For purposes of the tiebreaker, the applicant will be considered to be part of the same overall project with which it was originally identified.

Q5: For example, a town has four tax credit projects in the plan (two 3rd round projects and two round 4 projects); one 3rd round project received 9% credits during the 3rd round (2015-2025) but has not been built. All four are included in the current HEFSP. Could all three remaining projects receive awards (under the tiebreaker) since they are all identified in the "fair share housing development plan"?

A5: The main consideration in determining whether prior awards are considered in the tiebreaker is whether the previously awarded applications are identified as phases of one overall project in the HEFSP.

Financing Commitments

Q: Can you confirm NJHMFA cannot process the 9% application without an ASPIRE award due to the requirement of having financing commitments in hand which is not present for the 4% application requirements?

A: Correct. All anticipated financing sources listed in the application should be committed at the time of the 9% application.

In a 4% tax credit scenario, the NJHMFA and EDA typically receive project applications simultaneously. The two entities work in conjunction to approve commitments within the same month, at their respective board meetings.

Q: Can you confirm there is no explicit rule against combining 9% LIHTC and ASPIRE within the QAP?

A: There is no rule in the QAP prohibiting the combination of 9% LIHTC and Aspire credits.

Publication Date: April 15, 2026

Ready to Grow Points

Q: Can a project that will include on-site well water/ package sewer treatment qualify for Ready to Grow points? If so, what documentation/ approvals are required to be submitted as part of the tax credit application?

A: No, package sewer treatment would not qualify for Ready to Grow points. "Ready to grow area" means an area that has the capacity for growth and has received recognition from the State of this capacity, either through a planning process or through documentation that adequate water supply and wastewater infrastructure are available to serve the project. Without both water and wastewater capacity and infrastructure, the project is not eligible for Ready to Grow points.

Acquisition

Q: My client wants to enter into an agreement of sale with a person who is the buyer under an existing agreement of sale. In other words, A owns the property; A and B have entered into an agreement of sale for the property at \$1,400,000; and my client wants to enter into an agreement of sale with B. The agreement of sale between my client and B would be for \$2,000,000, \$600,000 more than the purchase price under the agreement of sale between A and B. The appraisal will support the \$2,000,000 purchase price. B would prefer (to avoid transfer taxes) not to purchase the property from A and then sell it to client. B wants to assign its agreement of sale with A to my client and my client will pay A \$1,400,000 and pay B \$600,000 at the closing on the property. Would the Agency have an issue recognizing the \$2,000,000 purchase price?

A: 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. If the purchase price on the sales agreement is \$1,400,000, that is the amount the Agency will recognize, even if the appraisal values the property at \$2,000,000.

Publication Date: May 18, 2026

Cost Containment

Q: I have a question about the cost caps for the 9% program. Looking at last year awards, 50-unit projects are being built for \$20M total development cost. Are these cost caps a hard requirement of the 9% award?

Is there a process for requesting a waiver? And if so, are there specific parameters that lead to a waiver more likely being granted?

A: The cost caps are a hard requirement of New Jersey's 9% LIHTC program. There is no waiver process. Applicants should be mindful of the current cost cap amounts and of the list of cost cap exclusions, all found in the QAP.

Future Ready Design

Q: In the HMFA application, under Section 14, Future Ready Design (2025-2026), the application only provides options for 2026 energy criteria. It is our understanding that before October 1, 2026, the application can be submitted utilizing 2020 Enterprise Green Communities and 2020 Energy Star Multifamily. Please confirm. If yes, is there another form of application that can be provided?

A: All projects are required to pursue the program version and site resilience/healthy futures options that are applicable at the time of application.

Exceptions include:

- The program version is no longer able to be pursued due to changes in code compliance;
- The program version is no longer being verified; or
- The project is not eligible for the current version.

The result would be to comply with the current program version and options.

For this particular program, there is a grace period from April 1st to October 1st which would allow this property in question to adhere to the 2020 version and use the 2023-2024 NJHMFA Climate Adaptive Design Guide form which the Agency's Technical Services Division can provide.

Credit Exchanges

Q: Can a developer exchange tax credits after they have started construction?

A: Yes, a developer may exchange credits after construction has begun. However, the developer must demonstrate that, despite diligent efforts and remedial measures to mitigate delay, the project is failing to meet its PIS deadline due to events beyond their control. See additional requirements at N.J.A.C. 5:80-33.37.

Q: Is my understanding of the tax credit exchange timeline below, correct for a project with 2026 tax credit authority and a PIS deadline of 12/31/28?

- Q1: Must wait until after September 30, 2026 to request a tax credit exchange and submit request before November 1, 2028. In these cases, there would be no penalty.
- A1: An exchange may be requested at any time before November 1 of the year in which the project is required to place in service based on the original allocation. In this example, an exchange may be requested at any time before November 1, 2028. The requirement to submit an exchange request after September 30 of a given year is only if you are requesting an exchange for a subsequent year of credits. In this example, if you are applying for an exchange in 2026 but requesting 2027 credits, the exchange must be requested after September 30, 2026.

In all exchange instances, the provisions of N.J.A.C. 5:80-33.37(d) apply:

A sponsor who receives an exchange of credits as provided at N.J.A.C. 5:80-33.37, as well as any affiliate entity effectively under the sponsor's control and any entity that is a related party with respect to the sponsor, shall be precluded from applying for tax credits for a new project for all tax credit cycles in the round following the day on which the Tax Credit Committee approves the exchange.

- Q2: If the developer requests an exchange of credits after November 1, 2028, then there would be a penalty.
- A2: In this example, an exchange of credits after November 1, 2028 would not be accepted, as N.J.A.C. 5:80-33.37(f) requires exchange requests to be submitted to the Tax Credit Committee no later than November 1 of the year in which the project is required to place in service based on the original allocation.

Municipal Approval Timing

- Q: We won't have municipal approvals by July 1. Do we submit an application anyway or will it be excluded right away without municipal approvals?
- A: It is unclear what the commenter means by the broad phrase "municipal approvals". However, with respect to eligibility requirements, N.J.A.C. 5:80-33.12(c) states "Applications shall meet all of the eligibility requirements listed in this section by the application deadline in order to be admitted into a cycle." If the missing item is a curable defect listed at N.J.A.C. 5:80-33.11(c), the applicant may supply the document during the 48-hour period described at N.J.A.C. 5:80-33.11(d); provided, however, that the document existed on the application deadline date and, if the document is a legal agreement or instrument, the document was legally effective on the application deadline date. Utilization of the "cure period" may result in a deduction of point(s) from the project's score. See N.J.A.C. 5:80-33.11(e).

Emerging Developer Cycle

- Q: Is there an emerging developer date for 9% credits that is later in the year?
- A: No; the Agency will only hold one 9% tax credit round in 2026, which is inclusive of the emerging developer set-aside in the Family Cycle. See N.J.A.C. 5:80-33.4(a)3.