Sandy Special Needs Housing Fund

CDBG-DR Program Overview

This program is made possible by funding from the U.S. Department of Housing and Urban Development’s Community Development Block Grant Disaster Recovery Program.
The **Sandy Special Needs Housing Fund (SSNHF)** provides capital subsidies in the form of loans to developers of permanent supportive housing to low and moderate income special needs populations.
Eligible Applicants

- Private Non-Profit
- Private For-Profit
- Public Housing Authorities (who are)
  - Capable of developing
  - Managing the housing project
  - Providing support services directly or indirectly to targeted special needs population
Eligible Project Locations

9 Counties

• Atlantic
• Bergen
• Cape May
• Essex
• Hudson
• Middlesex
• Monmouth
• Ocean
• Union
Eligible Types of Projects

• New construction

• Moderate and substantial rehabilitation of existing building(s)

• Conversion of buildings

• Acquisition only
Selection Criteria

- Located within one of the nine (9) counties – **25 points**
- 100% special needs units with supportive services – **10 points**
- CDBG efficiency *(requesting less than the per unit maximum and/or less than 80% of the total development cost in SSNHF subsidy)* – **20 points**
- Meet the State of New Jersey’s determined priorities described in the targeted county’s Continuum of Care Plan, as applicable – **10 points**
- Deep affordability *(at least 75% of units are at or below 30% AMI)* – **15 points**
- Readiness to proceed - start of construction and/or closing with lender or syndicator within 90 days of award – **20 points**

**Applicants must score at least 55 points to be eligible for SSNHF-CDBG funds**
Subsidy Loan Amounts

- Maximum subsidy loan for a single project with 100% SN units may not exceed $2.5 Million
- Maximum subsidy loan for mixed occupancy shall not exceed $100,000 per unit
- Available to projects receiving 9% LIHTC
- 4% LIHTC projects and set-aside Multifamily projects
- Double subsidy funding not allowed if project is funded by DCA HOME and/or HMFA SNHTF *(may change after October 2013)*
- Other deductions – Duplication of benefits include: FEMA, SBA, insurance and other assistance received by the project
Types of Available Funding

• Construction loans to permanent financing

• Permanent loans

• Loans in the form of a grant are not provided under this round of Action Plan submitted to HUD
Project Sponsors must demonstrate that SSNHF-CDBG funds committed to the project(s) must be fully expended prior to using other funding sources within the allowable timeframe of two (2) years, which is the date of approval of NJDCA-CDBG-DR Action Plan by HUD – April 2015
Mortgage Lien Status

• **ALL SSNHF-CDBG loans** will be secured by a first mortgage lien

• Whenever a first lien position is determined not to be available, HMFA will allow its loan to be subordinate
Financing Term

- 30 years
- Minimum of 20 years
- Maximum of 40 years

Project must be occupied by the targeted special needs population for the term of the mortgage loan
• SSNHF-CDBG subsidy loan provided during construction shall be at a 0% interest rate

• Cash flow loans may be available under SSNHF – CDBG program
Cash Flow Repayments

- No interest shall begin accruing until the amortization date of April 2016

- Repayment shall occur annually and shall equal 25% of available cash flow remaining after the payment of operating expenses, required reserves and amortized mortgage debt

Approvals

- HMFA Board
Projects funded by SSNHF-CDBG must meet the requirements of the Sandy Special Needs Housing Fund Guidelines

Affordability Controls

Any loan agreement entered into for SSNHF-CDBG shall:

• Incorporate contractual guarantees and procedures to ensure housing units provided are for low and moderate income individuals

• Continue to keep at least 75% of the units occupied by residents making 30% of AMI or below and 25% by those making 80% AMI or below
Compliance with all applicable federal and/or state statutory and regulatory requirements concerning but not limited to:

- Environmental review (Phase 1 & 4128 Environmental Assessment)
- Fair Share Housing
- Section 3 of the Housing and Urban Development Act of 1968
- The Davis Beacon Act
- Equal Opportunity requirements
- Other labor standards and provisions
- Other CDBG financial requirements
Questions?

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