2017 Qualified Allocation Plan (QAP) Workshop
Agenda

9:30AM
Welcome – Anthony L. Marchetta, Executive Director

9:35AM – 10:15AM
Overview of Changes in 2016/17 QAP – Anne Hamlin, Director of Tax Credits

10:15AM – 10:25AM
Underwriting Guidelines & Reminders – Bryan Mason, Tax Credit Program Administrator

10:25AM – 10:30AM
FHLB Information - Daniel Randall, Manager of Affordable Housing Operations

BREAK

10:45AM – 11:00AM
811/MFPHPP – Kelly Palombi, Section 811 Coordinator
Terre Lewis, NJMFP Project Director, DHS Division of Developmental Disabilities
Yirgu Wolde, Director of Supported Housing

11:00AM – 11:30AM
Energy Efficiency/ Green Initiatives – Pam DeLosSantos, Green Technical Advisor

11:30AM – 12:00PM
Final Questions
Important Dates and Deadlines

February 24
Deadline for applications to Multifamily for conditional mortgage financing
(3 hard copies with $2,500 / $5,000 application fee)

March 6
Adopted QAP published in NJ Register (includes public comments and responses)

March 30
Deadline for MF checklist documents Part I (including all funding commitments)

April 13
Last HMFA Board meeting to receive mortgage commitment

April (TBD)
Pre-app meetings

May 2 at 12 noon
Deadline for 9% applications

May 29 at 12 noon
Deadline for mixed income applications

July 28
Tentative Award date (all cycles including mixed income)
Overview of Changes
Overview of Changes
Cycles

• HOPE VI/ Choice Neighborhood Set Aside
  – Proposed amendment retracted
  – No change; Will remain as previously approved
  – The first reservation of credits from the Family and Senior Cycles shall be awarded to the highest-ranking eligible application from a HOPE VI or Choice Neighborhood project with a majority of its units located within a Qualified Census Tract.

• 3 Awards per developer per year

• Permits up to $400,000 to be excluded from cost cap calculation for community centers and social service space

• Increases the number of awards a municipality can receive if it has more than 100,000 people from 2 to 3 per year (Newark, Jersey City, Paterson, Elizabeth, Edison and Woodbridge Twp)

• TUM List updated for 2017 – 52 municipalities (1 new – Gloucester Twp)
Overview of Changes
Reserves

Creation of Tax Credit Committee (TCC) Reserve
- Only 1 additional project in Family, Senior or SH cycle
- Score is within 5 points of the lowest awarded project in the cycle
- Must not be substantially incomplete (3 cures or 6 clarifications)
- Must satisfy one of the following:
  1. Represents a regional or geographic location which has received limited affordable housing resources;
  2. Leverages substantial financial resources from the Federal government or from other non-NJHMFA funding sources;
  3. Affirmatively furthers the purposes and policies of the Fair Housing Act, which is (Title VIII of the Civil Rights Act of 1968), or contribute to a municipal fair share housing development plan;
  4. Responds to an urgent housing need or an underserved population; or
  5. Meets other critical State housing policy directives, goals, or priorities
Overview of Changes

Eligibility

- Only 1 update to the market study will be accepted

- Energy Star v3.1 or Multifamily High Rise required (certification)

- Developer fee on acquisition limited to 4% (building portion only)

- Social Service Plan – not required for projects with funding from Division of Developmental Disabilities (DDD) or Division of Mental Health and Addiction Services (DMHAS) since the services are chosen by the recipient and could be different for each person. (Yirgu Wolde)

- The social service coordinator is required only 5 hours per week for 5% set aside supportive housing units (minimum 5 units) in Family and Senior projects.

- Supportive Housing Population Needs Analysis should be conducted by the applicant and/or social service provider, rather than the market study analyst, who typically does not have access to this data.
Overview of Changes
Eligibility

- Applicants with foreclosure/deed in lieu ineligible for 7 years
- Applicants with a pattern of uncorrected non-compliance ineligible for 3 years
- Clarification – all inclusionary projects require A500 study whether density bonus was granted or not
- Capital Funding available - Money Follows the Person at $75K per unit (Yirgu Wolde)
  - Does not qualify for Homeless set aside units in Family/Senior cycle
  - Now comes with 811 rental assistance
- Rental Assistance available through 811 (Kelly Palombi)
  - Up to 5 units per project
  - 10% at 30%
  - Supportive Housing Cycle (points for rental assistance)
  - 2BR units (2 leases, 1 TIC, satisfies VCA)
Overview of Changes
Points and Ranking

- Amends 15 point criteria from Qualified Census Tracts (QCTs) to Targeted Urban Municipalities (TUMs)

- Ready to Grow – no longer 2 prong requirement. Eliminates 2nd part - Transit Village, Urban Transit Hub, Main Street Designated District, Designated Center, or a redevelopment project. (Danielle Esser)

- No points for municipal contributions (financial or land)

- Tax Abatement (sliding scale) – all residential units
  - 5 points - 15 year fixed at 5% or less
  - 4 points - 15 year fixed between 5%-10%
  - 3 points - 15 year fixed at > 10%

- Adaptive reuse or historic projects reduced to 1 point

- New green point options (Pam DeLosSantos)
Overview of Changes

Points and Ranking

• Points for Redevelopment projects and Brownfield sites now included in Site Selection

• Schools points now based on PARCC test and sets minimum proficiency level at 40% (can use 2015 or 2016 data)

• New point category for municipal poverty rate
  OUTSIDE of TUM
  – 3 points - 6.00% or less
  – 2 points - 6.01% - 10.7%
  – 1 point - Over 10.7%

  WITHIN TUM
  – 2 points - 17.0% or less
  – 1 point - over 17%
Overview of Changes
Points and Ranking

• FAMILY CYCLE only - 1 point for court-approved municipal fair share plan or project-specific settlement agreement (outside of TUM)

• SENIOR CYCLE only - 2 points for municipalities with less than 25% Renter Occupied Housing AND more than 25% age 55 and older

• SUPPORTIVE HOUSING CYCLE only - 2 points for 100% Non-Profit General Partner or 1 point for 50% Non-Profit General Partner.
Overview of Changes
Compliance Monitoring

• Property Management offices shall be open at least 20 hours a week

• Limits rent increases for existing tenants, including those due to changes in utility allowances, to 5% per year
Underwriting Guidelines and Important Reminders

2017 Qualified Allocation Plan (QAP) Workshop
9% Tax Credits Available

SUBJECT TO CHANGE

$25M TOTAL CREDITS AVAILABLE for 2017
Sets aside credits for Hardship Reserve - $4M (pricing)

- Mixed Income - $4M (2 projects – 1 TUM and 1 non-TUM)

$21M AVAILABLE CREDITS FOR CYCLES
60/40 SPLIT

- Family - estimated $10.5M (50% of total)
- Senior – estimated $6.3M (30% of total)
- Supportive Housing – estimated $4.2M (20% of total)
Underwriting Guidelines

• Equity Price for Underwriting - $.95
• 3 points for Syndicator/Investor letter - $.85 - $1.00
• 8.1% Tax Credit Percentage. This will require applicants to “save” 10% of eligible basis in the event a hardship request is needed.
• 2% income / 3% expense trending
• 7% vacancy (LIHTC), 10% (market)
• 130% basis boost
  - HERA, with justification
  - Qualified Census Tract (QCT)
  - Small DDAs (SDDAs) – lists zip codes but may only cover portion [https://www.huduser.gov/portal/sadda/sadda_qct.html](https://www.huduser.gov/portal/sadda/sadda_qct.html)
• Utility allowance forms on our website. Utility studies not permitted for underwriting.
Cycles

• Family Cycle (non-age restricted)
  • Max Credit Request - $1.75M
  • Preservation set aside - $1.25M

• Senior Cycle
  • Max Credit Request - $1.4M
  • 80% of units with 1 person 55+
  • 100% of units all 62+

• Supportive Housing (25% of units)
  • Max Credit Request - $1.4M
Reminders

• TWO copies of the application submitted by NOON
  – 1 original and 1 copy

• Market Studies
  - Only 1 update accepted (submit original study and update)
  - 2 copies total of market study required, not 4

• Application Fee - $2,500

• Cost Caps (with permitted exclusions)
  - 4 residential stories and below $250K per unit
  - 5-6 residential stories $275K per unit
  - 7+ residential stories $300K per unit

• 2017 UNIAP available online now
  http://www.njhousing.gov/developers/uniap/
811 / MFPHPP
What is the Section 811 PRA program?

- Administered by the HMFA in partnership with NJDHS.
- Provides project based rental assistance to extremely low income special needs individuals.

How the 811 PRA Subsidies Work:

- HMFA was awarded a total of 206 PRA subsidies to be allocated to developments to house the selected target population.
- Initial term of 5 Years with subsequent yearly renewals for up to 15 years subject to Congressional appropriations.
811 PRA Program Target Population:

- Individuals leaving developmental centers or state psychiatric hospitals
- Individuals at risk of institutionalization
- Individuals leaving Nursing home facilities (New)
HMFA has already allocated 35 1-Bedroom slots and 14 2-Bedroom slots among 16 developments.

HMFA is allocating 37 1-Bedroom units to the Money Follows the Person Housing Partnership Program (MFPHPP) for the 4% and 9% LIHTC developments located in the priority areas as identified by the Division of Aging Services (DoAS).

**Remaining subsidy available:**

- 32 1- BR @ $552
- 32 2- BR @ $663
- 50 2- BR @ $975
Ineligible Types of Projects

- Projects designated for individuals 62 and older
- Projects with 100% project-based vouchers
- Projects already with more than 25% set-aside
  Special Needs units
- Projects with less than five (5) units
The following documents are required for participation in the 811 PRA program:

- Agreement to Enter into a Rental Assistance Contract (ARAC)
- Rental Assistance Contract (RAC)- 20 year term
- Use Agreement- 30 year term

Foreclosure and Transfers of Properties

- In the event of foreclosure or property transfers, RAC will transfer to new Owner and payment continues
Owner’s Responsibilities:

- HUD Model Lease must be executed for 811 PRA tenants
- Submit a Tenant Selection Policy for approval which includes selection process of 811 PRA tenants
- Income certifying all 811 PRA applicants at time of move in as well as annually and submitting the certifications to HMFA for approval. All certifications will be electronically submitted to HUD via TRACS/Secure Systems
Applications for the MFPHPP and the 811 PRA program can be found on NJHMFA’s website

**MFPHPP:** [http://ww.njhousing.gov/developers/needs/mfphpp/](http://ww.njhousing.gov/developers/needs/mfphpp/)

**811 PRA:** [http://www.njhousing.gov/developers/needs/811pra/](http://www.njhousing.gov/developers/needs/811pra/)

**Contact:**

**Kelly Palombi**

Section 811 Program Coordinator
Supported Housing and Special Needs
609-278-7486
[kpalombi@njhmfa.gov](mailto:kpalombi@njhmfa.gov)
Money Follows the Person Housing Partnership Program (MFPHPP) / Section 811 PRA

A partnership between MFPHPP source of capital funding and Sect. 811 PRA source of project based referral assistance.

• Eligible Sponsors:
  – Non-Profit and For Profit entities

• Target Population:
  – Individuals aged 18 and over, who are living in nursing homes and are assessed as being capable of living in the community with support services
• **Eligible Projects:**
  – 4% & 9% Tax Credit as well as Multifamily Bond Financed new and rehabilitated projects

• **Types of Set-aside units:**
  – Up to 5 one bedroom units per project

**Helpful Accessibility Features**

• Accessibility Features
• Roll in shower/ accessible shower units
• Sufficient room next to commode for wheelchair so individuals can slide from wheelchair onto commode
• Automated door openers
• Hardwood floor and ceramic tile

• Linen closets with slide out shelving
• Accessible controls for heating
• Grab bars
• Front control range/oven
• Side by side refrigerator
• Accessible kitchen cabinets with roll under access
• **Priority Counties:**
  – Bergen, Essex, Hudson, Monmouth, Morris, Ocean & Passaic
  * List of priority Counties may be subject to change

• **Capital Subsidy:**
  – MFPHPP maximum capital subsidy of $75,000 per set aside unit
  – Capital subsidies are available for a total of 37 1-bedroom set aside units

• **Operating Subsidy:**
  – Sect. 811 Project Based Rental Assistance for initial 5 years with renewal for additional 15 years
  – Sect. 811 PRA are set aside and available for 37 1-bedroom set aside units
Types of Financing:
- Construction & Permanent
- Permanent only

Financing Term:
- Permanent 30 years
- 20 and 40 Years terms can be considered

Lien Status:
- First lien if available; subordinate lien position can be considered
• **Mortgage Interest Rate**
  – At 0% interest rate during construction and permanent loan periods

• **Repayment**
  – At 25% of available Cash Flow to be determined by developer’s submission of an annual project audit report to the agency
  – Unpaid balance due & payable at maturity date

• **Affordability Controls**
  – Set aside units will be deed restricted for the term of the mortgage
Supportive Services:
- Supportive Services will be provided and paid for by Medicaid

Tenant Referral
- Eligible Tenants for the MFPHPPP will be referred to the development by DoAS

Application Submission:
- Sponsors are expected to fill out the MFPHPPP application in order to be considered for both capital subsidies & Sect. 811 PRA
For the MFPHPP application, go to:
http://www.njhousing.gov/developers/needs/mfphpp/

Contact:
Yirgu Wolde
Director of Supported Housing and Special Needs
Phone: 609-278-7521
e-mail: ywolde@njhmfa.gov
Energy Efficiency and Green Initiatives
An Overview of the 2017 LIHTC Green Requirements

Pam DeLosSantos
Green Technical Advisor,
NJHMFA
Required, all new construction & gut rehabs: Certify to Energy Star Version 3.1 or Energy Star’s Multifamily High Rise (MFHR)

Follow the NJ Office of Clean Energy’s Multifamily Decision Tree.

Hire an Energy Consultant early!
9% Tax Credit Green Point Options

**2pts**: Benchmarking (for 3 years post construction)
- Sign benchmarking releases
- Collect tenant releases w/utility account #s
- Input into Portfolio Manager or hire independent contractor

- EPA Portfolio Manager
- Energy Scorecard
- WegoWise
9% Tax Credit Green Point options - 4 points

Prove Participation in one of the following:

- ICC/ASHRAE
  700 2015
  Silver (125 pts or higher)

- NJ Office of Clean Energy

- LEED
  Version 4.0
  50-59 points

- PHIUS
  Passive House Institute US

- LEED Silver
  2015

- 35+ optional points
9% Tax Credit Green Option
3 points:

2015 Enterprise Green Communities Certified Level*

*Mandatory criteria

LEED Version 4.0 Certified (40 to 49 pts)

ICC/ASHRAE 700 2015 National Green Building Standard Bronze (88 pts)
Moderate Rehabs – Energy Star “Alternative” Paths

Pay For Performance

- Buildings with >100kW Peak Demand, 4 Stories or more, one master-metered utility
- Reduce Energy Use by 15% or more

Home Performance with Energy Star

- Low-rise Buildings Individually metered, Home Energy Audit
- Building Performance Institute (BPI) certified contractor

ASHRAE Level 2 Energy Audit with targeted 15% savings

- Green Capital Needs Assessment
- Quality Assurance & Verification, Benchmarking
• Free green certification program
• Specifically for Affordable Housing projects
• Fully online tool
• Many useful online resources and recommendations
• Team Approach
• Encourages early collaboration with all stakeholders – Design Charrette

• For Certification:
  • New Construction: Mandatory points plus 35 optional pts.
  • Rehab: Mandatory points plus 30 optional pts.

• Integrative Approach
• Works in conjunction with other building programs
2015 Enterprise Green Communities Criteria
# Technical Assistance Providers Database

## Unities TA Provider Registry

### 2016

<table>
<thead>
<tr>
<th>Headquarters State</th>
<th>Additional Local Offices</th>
<th>Geography Served</th>
<th>Primary Contact</th>
<th>Primary Contact's Title</th>
<th>Primary Contact's Email</th>
<th>Key Personnel</th>
<th>Organization Information</th>
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<tbody>
<tr>
<td>CA</td>
<td>West</td>
<td>Standard Policies</td>
<td>CEO</td>
<td>Director of Marketing &amp; Operations</td>
<td><a href="mailto:standardpolicies@unities.org">standardpolicies@unities.org</a></td>
<td>David Cohen, Dan Fishman, Maria DiVita, John Raitt</td>
<td>Building Accessory Nonprofit, 1650 Market St. San Francisco, CA 94110</td>
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<tr>
<td>CA</td>
<td>West</td>
<td>Southern California</td>
<td>Chief Operating Officer</td>
<td>Chief Operating Officer</td>
<td><a href="mailto:chiefoperatingofficer@unities.org">chiefoperatingofficer@unities.org</a></td>
<td>Anthony Mata, Karen Schwartz</td>
<td>Building Accessory Nonprofit, 1650 Market St. San Francisco, CA 94110</td>
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<td>CA</td>
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<td>Executive Director</td>
<td><a href="mailto:executivedirector@unities.org">executivedirector@unities.org</a></td>
<td>Jay Scott, Karen Schwartz</td>
<td>Building Accessory Nonprofit, 1650 Market St. San Francisco, CA 94110</td>
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</table>

Unities is a member-based NGO (not-for-profit) organization that promotes healthy, energy-efficient, and resource-efficient residential buildings throughout California and beyond. Headquartered in Oakland, California, the organization was formed in 2004 via a merger between two local nonprofits, the Green Insurance Center and Bay Area Build It Green. Since then, the organization has grown to over 10,000 members across the state and offers a wide range of services and resources to help members achieve their energy efficiency goals.

For more information, visit our website at [unities.org](http://unities.org).
- Approved by American National Institute of Standards (ANSI)
- Voluntary, above-code
- Residential development
- ICC’s suite of I-Codes
- Scope: land development, homes, and multifamily
- New construction and renovation
- National certification
- Affordable, flexible and rigorous
- Customer-focused process and procedures
Mix of Mandatory items and Voluntary Points
## 2012 NGBS Certification Levels

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<tr>
<th>Green Building Categories</th>
<th>BRONZE</th>
<th>SILVER</th>
<th>GOLD</th>
<th>EMERALD</th>
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<tr>
<td>1. Chapter 5 Lot Design, Preparation, and Development</td>
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<td><strong>349</strong></td>
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LEED FOR HOMES
• Flexibility with strategies to fit the unique aspects of all projects

• Performance based approach to design, operations and maintenance that calls for measurable results at every stage of a project's life

• Smart grid thinking to the forefront that rewards projects for participating in demand response programs

• A more comprehensive approach to water efficiency by evaluating total building water use

• Expanded focus on materials — in addition to considering usage of materials in buildings, LEED v4 integrates a comprehensive approach to evaluate the impact of materials on human health and the environment

• Streamlined documentation and even greater alignment between rating systems for a better customer experience
| DOE Zero Energy Ready Home - Delta with IECC and Energy Star |
|------------------|------------------|------------------|
|                  | Solar Ready      |                  |
|                  | Eff. Comps. & H₂O Distr. |      |
|                  | EPA Indoor Air Package |      |
|                  | Optimized Duct Location |      |

- Comply with Energy Star Homes
- And Inspection Checklist for
  - Thermal Enclosure
  - HVAC Quality Installation (Contractor and HERS Rater
    - Exceptions for QA-Credentialed HVAC Contractor.
  - Water Management
- The target home/size adjustment factor used by ENERGY STAR.
• Employs continuous insulation throughout its entire envelope without any thermal bridging.

• The building envelope is extremely airtight, preventing infiltration of outside air and loss of conditioned air.

• Employs high-performance windows (typically triple-paned) and doors.

• Uses some form of balanced heat-and moisture-recovery ventilation and a minimal space conditioning system.

• Solar gain is managed to exploit the sun's energy for heating purposes in the heating season and to minimize overheating during the cooling season.
THE LIVING BUILDING CHALLENGE
INTERNATIONAL LIVING FUTURE INSTITUTE

- World’s most rigorous standard for green building

- Net-Zero Energy (Net-Positive Energy)
  - Buildings generate more energy than they consume
  - Harvest, use and treat all water
  - Divert, remove, salvage materials from the waste stream

- Free of Toxic Chemicals


“Good morning, Mr. Phelps…..”
QUESTIONS?

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