

FUND FOR RESTORATION OF MULTI-FAMILY HOUSING-PUBLIC HOUSING AUTHORITY SET-ASIDE PROGRAM (“FRM-PHA”) – TRANCHE 1 PROGRAM GUIDELINES

June 2013

Amendments Presented to Agency Board: November 21, 2014

Please Take Notice:

| | FRM-PHA Guidelines |
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| PROGRAM OVERVIEW | The Fund for Restoration of Multi-Family Public Housing Authority Set-Aside Program (“FRM-PHA”) offers subsidies in the form of loans to owners capable of managing large multi-family housing developments. This program will be funded with Community Development Block Grant-Disaster Relief (“CDBG-DR”) monies appropriated pursuant to the Disaster Relief Appropriations Act of 2013 (Public Law 113-2, approved January 29, 2013 (the “Disaster Relief Act”). The Agency will receive the CDBG-DR monies from the New Jersey Department of Community Affairs (“DCA”) to provide the necessary resources to support repairs to damaged public housing units, damaged federally-owned housing units and damaged U.S. Department of Housing and Urban Development (“HUD”) assisted multi-family housing. |
| 1. Eligible Applicants | Private for-profit and nonprofit housing developers and public housing authorities capable of developing and managing large multi-family housing developments. This may include development subsidiaries and affiliates of public housing authorities. |
| 2. Eligible Project Locations | The projects must provide repairs to damaged public housing units, damaged federally-owned housing units and damaged HUD assisted multi-family housing units located within one of the nine most distressed and impacted counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union). |
| 3. Eligible Types of Projects | In all cases, eligible projects must be rental projects in which some or all of the units are affordable to low/moderate income households. |
| 4. Selection Criteria | <ul style="list-style-type: none"> • Located within one of the 9 most impacted and distressed counties - 25 points • Readiness to Proceed – Start of repairs within 90 days of award - 25 points • Deep Affordability (at least 10% of units are at or below 30% AMI) – 15 points • County/Municipal/Local PHA Support in compliance with N.J.A.C. 5:80-33.15(a)(4)(ii) - 10 points • Minimum of 5% Supportive Housing Units - 10 points • Mixed Income (minimum 20% affordable) - 10 points • CDBG Efficiency (requesting less than the per unit maximum) – 10 points • Properties with displaced residents and/or vacant units as a result of damage caused by Superstorm Sandy – 25 points <p>Applicants must score at least 55 points to be eligible for FRM-PHA subsidy funds.</p> |
| 5. Subsidy Loan Amounts | <p>Subject to availability of funds.</p> <p>Consistent with CDBG-DR Action Plan Amendment No. 7, the amount of the award will be based on underwriting the gap in the project rather than setting a maximum per amount per unit. Standard Agency Underwriting Guidelines will apply. See the Multi-Family Underwriting Guidelines and Financing Policy.</p> <p>FRM-PHA subsidy loan amounts will be approved only after documentation of</p> |

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| | other sources of funding have been identified in accordance with Duplication of Benefits provisions of the federal Stafford Act. CDBG subsidy loan amounts cannot exceed the amount needed after other assistance for the project has been considered. Other assistance includes FEMA, Small Business Administration, insurance, and other assistance received or reasonably expected to be received for the project. |
| 6. Types of Available Funding | All Funds for FRM-PHA funding will be provided to projects in the form of loans. <u>Loan types:</u> (1) Construction loans (2) Construction loans which convert to permanent financing; If needed, other loan types such as conditional bridge loans may be authorized to ensure project feasibility. |
| 7. Agency Mortgage Required | In the event any permanent mortgage debt is needed for any project funded by FRM-PHA subsidy loan, the first mortgage loan must be an Agency-provided permanent mortgage loan. |
| 8. Financing Term | Unless otherwise authorized, the financing term of FRM-PHA subsidy loan shall be no longer than 5 years, but in no event shall the term of the FRM-PHA subsidy loan exceed the affordability period if the affordability period on or remaining on the project is less than 5 years. |
| 9. Security, Collateral and Lien Status | Each FRM-PHA subsidy loan shall be secured by a note and, as permitted by law, a mortgage. A FRM-PHA subsidy loan may take a subordinate position behind other lenders only if the project is receiving no Agency financing. In the case of projects receiving Agency financing, FRM-PHA subsidy loans shall be subordinate to all Agency mortgage loans. |
| 10. Mortgage Interest Rate | FRM-PHA subsidy loans provided during construction shall be at a 0% interest rate. FRM-PHA subsidy permanent loans shall be provided at a 0% interest rate compounded annually. |
| 11. Repayments | Repayment of an FRM-PHA subsidy loan for any project shall occur annually and shall equal a forgiveness of 20% of the original principal balance provided the project remains in compliance with FRM-PHA and CDBG-DR requirements. |
| 12. Other Requirements | The project sponsor shall ensure that the project shall comply with all applicable federal and/or State statutory and regulatory requirements concerning, but not limited to, environmental review, fair housing, the Uniform Relocation Act, Section 3 of the Housing and Urban Development Act of 1968, compliance with the Davis-Bacon Act, as well as all other labor standards provisions, equal opportunity requirements, compliance with the OMB Circular A-87, program income, and other CDBG-DR financial requirements. |
| 13. Other Junior Financing | Projects funded by FRM-PHA subsidy loan must meet the requirements of the |

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| and Subordinate Debt | Agency's Multi-Family Underwriting Guidelines and/or the Low Income Housing Tax Credit ("LIHTC") program, as applicable. |
| 14. Tenant Income Requirements | Projects funded by FRM-PHA must meet the requirements of the Agency's Multi-Family Underwriting Guidelines and/or the LIHTC program, as applicable. |
| 15. Affordability Controls | <p>Any loan agreement entered into for FRM-PHA subsidy funds shall incorporate contractual guarantees and procedures to ensure that any unit of housing provided for low- and moderate-income households shall continue to be occupied by low- and moderate-income households for at least the term of the FRM-PHA subsidy loan.</p> <p>In addition to the above, projects funded by FRM-PHA must meet the requirements of the Agency's Multi-Family Underwriting Guidelines and/or the LIHTC program, as applicable.</p> |
| 16. Energy Efficiencies and Green Building Standards | Projects funded by FRM-PHA must meet the requirements of the Agency's Multi-Family Underwriting Guidelines and/or the LIHTC program, as applicable, as well compliance with ENERGY STAR (for new construction and reconstruction) or HUD's Community Planning and Development Green Building retrofit checklist (for rehabilitation) |
| 17. Returning Residents | No returning resident duly qualified for public or assisted housing prior to Sandy will be subject to any recertification requirement except continuing household income qualification if required by other applicable federal regulations and assignment to unit with the number of bedrooms if required by the applicable regulations. No household will be denied the right to return hereunder because of a change in household members if the head of household or a majority of members of the pre-Sandy household apply to return but may be required to occupy a unit with the number of bedrooms required by the applicable regulations. |
| 18. LEP Marketing | To ensure access to persons with Limited English Proficiency (LEP), all FRM-funded housing shall be marketed in English and the major foreign languages spoken in the county in which the project is located, as indicated in the attached chart. |
| 19. Authority to Approve Award of Application | The Agency Board will approve all awards. |

Note: These guidelines may be amended from time to time due to changes in the New Jersey Department of Community Affairs' Community Development Block Grant Disaster Recovery Action Plan ("the Action Plan"). Please refer to the Agency's website for the most current version of these guidelines.