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## **NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY**

### **Competitive 9% Low Income Housing Tax Credits (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 2020 competitive 9% application round.

Applicants are encouraged to check the website prior to submitting a question to the LIHTC mailbox. 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 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 a rule or rules. 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.

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### Pre-Application Meetings

Q: Will the Tax Credit division be scheduling 1 hour pre-application meetings prior to the 9% tax credit deadline, as has been previous practice?

A: The Agency will not be scheduling pre-application meetings but will be responding to written questions sent to the LIHTC mailbox at: [NJHMFAtaxcredits@njhmfa.gov](mailto:NJHMFAtaxcredits@njhmfa.gov). All questions and responses will be posted in the FAQs on the HMFA website so all applicants have the benefit of the same information.

### Inclusionary Projects

Q: Developer Bulletin 2019-7 states that “A project deemed not to be inclusionary will have no further obligation, provided there is (are) NO substantive change(s) to the project.” Assuming that a proposed development has previously been deemed “not inclusionary” by the tax credit division in the 2019 round and will reapply for 9% LIHTCs in 2020, please confirm that another inclusionary review is not required. We are also assuming that the proposed development is not materially different from the 2019 LIHTC application version.

A: As long as there are no substantive changes to the project, another inclusionary review is not required.

### Scattered Site Projects

Q: Do you allow applications that propose new construction on two, non-contiguous parcels within a single municipality to be considered a single project/application? Specifically, we are planning to potentially apply in the Supportive Housing Cycle.

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Would such a development on two separate lots qualify as a scattered site project, and thus qualify for points under the “Integrated Community Living Opportunity” criteria in the Supportive Housing Cycle?

A: Scattered site projects are permitted to utilize LIHTCs as long as all buildings are commonly-financed and 100 percent of the residential rental units are rent-restricted within the meaning of section 42(g)(2) of the Code. If the project is utilizing the Agency for bond financing, please review the Multifamily Underwriting Guidelines for further requirements:

[https://njhousing.gov/dca/hmfa/media/download/multi/mf\\_rental\\_financing\\_underwriting\\_guidelines.pdf](https://njhousing.gov/dca/hmfa/media/download/multi/mf_rental_financing_underwriting_guidelines.pdf)

In order to be eligible for the 2 points for “Integrated Community Living Opportunities”, please discuss how the proposed project will be integrated into the community, specifically the different ways the project will integrate different populations (income mix, etc) within the building and also within the community such as churches, community centers, etc. Being a scattered site project does not alone qualify for the points.

### CoC Support Letters

Q: Does a reapplication have to provide an updated CoC letter or would a 2019 CoC approval suffice to support the 5 unit set aside for the Homeless? All social service commitments would be updated.

A: Yes, the letter of support should be updated. It would be helpful for the CoC to know that the application was not funded in a particular year and was requesting funding again.

### Homeless Units

Q: The parenthetical in section 5:80-33.15(a)20.i is a bit confusing. Is the requirement a mandatory mix of one 1BR, two 2BRs, and two 3BRs? Or is the requirement a total of five units, with no fewer than two 2BRs and no fewer than two requires a proportionate unit mix of one 1-BR, two 2-BR and two 3-BR units.

A: Please refer to language in the QAP which requires a proportionate unit mix of 1-BR, 2-BR and 3-BR units.

### Census Data

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Q: I noticed in going to use the American Fact Finder site that it will be going offline on March 31, 2020 with AFF info available through [data.census.gov](https://data.census.gov). Will you be sending out updated instructions on info to provide that was to be obtained through AFF?

A: The only data table referenced in the QAP is DP05. To find results for a specific municipality, please select "Advanced Search" on the main page and type DP05 in the search bar. Then narrow the search with the Geography filters below (County Subdivision, State, County, and then Municipality). Click "Search" on the bottom right side and the population data will be shown.

The screenshot shows the 'Advanced Search' page on the American Fact Finder website. The search term 'DP05' is entered in the search bar. Below the search bar, there are several filter panels. The 'Geography' filter is selected, and the 'County Subdivision' filter is active. The results list includes 'New Jersey' and 'Mercer County, New Jersey'. The 'Trenton city, Mercer County, New Jersey' is selected.

With respect to the equitable distribution provisions in the QAP that permit 3 project awards for municipalities with over 100,000 people, there are now 7 eligible municipalities.

Woodbridge township, Middlesex County, New Jersey

Lakewood township, Ocean County, New Jersey

Edison township, Middlesex County, New Jersey

Elizabeth city, Union County, New Jersey

Paterson city, Passaic County, New Jersey

Jersey City, Hudson County, New Jersey

Newark city, Essex County, New Jersey

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### Individuals with Special Needs

**Q:** This question is regarding section 5:80-33.2 Definitions, “individuals with special needs“, #9 Disabled and homeless veterans. For a Supportive Housing Cycle project that will set aside 25% of the units for disabled and homeless veterans, do the tenants that occupy these units need to be veterans who are either disabled or homeless or both disabled and homeless (i.e. can these units be occupied by individuals who are homeless veterans but are not disabled and vice versa)?

**A:** To qualify under this special needs category, veterans can be homeless OR disabled.

### Proficient Schools Points

**Q:** Per the Family Cycle Point System, a project is eligible for 3 points based on 4th Grade PARCC scores for the school district in which the project is located. The QAP states that “NJHMFA shall rely upon the data effective in the calendar year of the application deadline as well as the preceding year.” However, the Department of Education’s website does not have 4th Grade PARCC scores listed for the 2019 or 2020 year. The Department of Education’s website does publish New Jersey Student Learning Assessment (NJSLA) scores for the 4th Grade for Spring 2019, which is the most recent data published at the time of this question. Are applicants to use the NJSLA scores from Spring 2019 or the most recent PARCC scores (from Spring 2018, which is older than permitted by the QAP)? We understand that HMFA does publish a list of proficient schools (2019 version here [https://www.nj.gov/dca/hmfa/media/download/tax/2019\\_proficient\\_schools.pdf](https://www.nj.gov/dca/hmfa/media/download/tax/2019_proficient_schools.pdf)) but that doesn't clear up discrepancy in QAP. What if a district wasn't eligible in 2019 but could be in 2020? what data to research?

**A:** Only the name of NJ’s standardized test has changed from Partnership for Assessment of Readiness for College and Careers (PARCC) to New Jersey Student Learning Assessment (NJSLA). For the purposes of the 2 points for proficient school districts, NJHMFA will utilize the NJSLA scores going forward and publish the lists of eligible school districts on the LIHTC Resources and FAQs page.

### Non-Smart Growth Areas

**Q:** Is it possible for septic and well water to qualify for “water and wastewater capacity and infrastructure to serve a project” as defined by the Qualified Allocation Plan?

**A:** The Agency has significant concerns regarding whether a multifamily housing project can be adequately serviced by septic and well water. Additionally, the QAP presumes that water and wastewater capacity and infrastructure is already available, and would not be included as part of the development costs. Excessive utility costs would likely cause a project to exceed the Agency’s cost containment policy.

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### Site Evaluator

Q: Has the Site Evaluator been updated?

A: The new Site Evaluator 3.0 was unveiled on June 1. Similar to the previous version, information on Smart Growth Areas can be selected by checking the box for the NJ Smart Growth Areas layer and the map will highlight those areas in green. Applicants can also still utilize DCA's Community Asset Map – the link is in the LIHTC Application in the Ready to Grow section. Staff will independently confirm a project's smart growth designation during the application review but a printout can also be included in the application.

The link to the new tool:

<https://njdca.maps.arcgis.com/apps/webappviewer/index.html?id=b18e41a0e8da41369b71716dfc9bbbbe>

### Letters of Support for Supportive Housing projects

Q: In the Supportive Housing Section of the tax credit application, it is referenced that letters of support are needed from organizations that are listed as sources of referrals. The language reads...

- Supportive housing marketing plan. The plan must identify the organizations that will be used for referrals and evidence, such as a letter of support, must be provided attesting that such organizations have experience serving the target population and can be a source for referrals.

Can you clarify whether a letter of support is needed for each and every organization listed as a source of referral?

A: Applicants will be using one or perhaps two referral sources. Typically the main referral source will be the service provider for the selected special needs population. There must be at least one letter of support which indicates that the referral source has experience working with the population and will provide services to those residents. Please note that the marketing plan must also provide a list of State and community-based organizations that serve the target population that the sponsor is planning to house. Letters of support are not required for that list of organizations.

### Twining 4% and 9% Tax Credits

Q: Is NJHMFA open to twinning 4% and 9% credits?

A: There is currently no Agency policy on the twinning of tax credits. However, there is nothing that precludes a project from applying for both 4% and 9% tax credits for separate phases.

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### Supportive Housing Units

Q: When calculating the proper number of units for a set-aside, say the Supportive Housing 25% set-aside units, does the Superintendent's unit count towards the "total project units"?

A: If the superintendent's unit is counted in the LIHTC units and income-restricted, then it is counted in the total project units for purposes of calculating the 25% set-aside. That said, the Agency strongly discourages income-restricting the superintendent's unit.

### 2020 Income Limits

Q: If a project received an NJHMFA mortgage commitment prior to the issuance of the FY2020 Income Limits (and therefore the NJHMFA commitment is assuming FY2019 limits), can the project continue to use 2019 limits for underwriting and 9% application purposes?

A: It is at the discretion of the applicant.

### Application Submissions

Q: Are we still required to submit a paper copy of the application, or can we just submit an electronic copy?

A: All 9% applications must be submitted electronically through LeapFile to the LIHTC mailbox by the deadline (noon on September 23): [NJHMFAtaxcredits@njhmfa.gov](mailto:NJHMFAtaxcredits@njhmfa.gov). LeapFile instructions can be found on the LIHTC Resources and FAQs page:

<https://njhousing.gov/dca/hmfa/media/download/tax/index.shtml>. No paper applications will be accepted. However, please note the application fee of \$4,000 must be sent by check only – no wires and must be received by September 23rd deadline also. Applicants are strongly advised to send in the application fee early and via a delivery service with tracking. Applications received without the \$4,000 application fee shall be deemed incomplete and ineligible for credits.

Please send check payments to:

New Jersey Housing and Mortgage Finance Agency

**ATTN: Anne Hamlin**

**Tax Credit Division**

637 South Clinton Avenue

P.O. Box 18550

Trenton, NJ 08650

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Q: With respect to using Leapfile for the upload of the 9% LIHTC application could you please clarify how the NJHMFA is looking to see documents uploaded – Should there be an individual folder uploaded for each section (similar to a binder)? Should we upload in Sections (Part I, Part II, Part III)? How will the NJHMFA confirm receipt of uploads? Are we required to upload all project folders at one time, or can we upload them over a period of time? Once uploaded, will modifications/substitutions be allowed until the application deadline?

A: Applications should be uploaded in a single submission in its final form. Please note that Leapfile is able to upload single documents or multiple files/ folders and applicants can select an option to receive a notification when the files are downloaded. No modifications or substitutions can be made after the submission is uploaded.

#### Low-Density Buildings

Q: For purposes of calculating both total development cost per unit caps and eligible basis limits, what is considered a “residential story”? If the first floor of a building contains common areas exclusively for use by the property’s residents (i.e. lobby, community room, management office etc.), is that considered a residential story? If the first floor of a building consists of parking exclusively for use by residents of the property, is that considered a residential story?

A: Any floor with at least 1 residential unit is considered a residential story.

#### On-Site Transportation/ Shuttle

Q: Regarding the requirements for On-Site Transportation/Shuttle service, many forms of transportation (particularly public and private shuttle services) that would normally be available to offer to residents are currently suspended due to the current pandemic conditions. Since most if not all of the projects seeking financing in 2020 will not open until 2022, will it be acceptable for evidence of appropriate transportation service to be conditioned on availability subject to pandemic conditions or restrictions?

A: At this time, the Agency is not intending to grant any exceptions or waivers to QAP requirements due to the COVID-19 pandemic. Please ensure that your application documentation fully satisfies the requirements outlined in the QAP and LIHTC application.

#### Post-Award Underwriting Changes

Q: A 9% credit application that did not use Agency financing is submitted. The application is then awarded credits. After the award is the applicant able to apply for agency financing? If so, what is the process?



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A: There is nothing which precludes a project from applying for Agency financing after an award of 9% tax credits. Awardees do have a continuing obligation to notify the Tax Credit division of any substantive changes, including changes in financing. Be advised, however, that all projects must continue to demonstrate a need for the awarded amount of 9% tax credits at both carryover and 8609.

#### Eligible Basis Limits – Mixed Income Set Aside

Q: If we plan to apply to the Mixed Income Set Aside of the Family cycle, do Eligible Basis Limits apply?

A: There are no eligible basis limits for the Mixed Income set aside. Up to \$30,000 in credits per tax-credit-eligible unit is available and the maximum annual allocation of credits is \$1,750,000.

#### Age Friendly Senior Housing

Q: Regarding the on-site health provider, the application states “A firm agreement and information on the capacity and experience of the selected third party agency must be submitted.” Can you please elaborate on what you mean with capacity and experience? Are there any requirements regarding capacity and experience?

A: The Owner should contract with a third-party agency (Medicare Certified Home Health Provider or similar agency or organization) for this service for the onsite healthcare provider. Information on the experience and capacity of the provider should include a description of the types of services provided, the number of years in service, and the number of staff and types of training that is provided to their staff.

#### Social Services

Q: If the Social Service provider is the same for all services, can all these services be addresses in one agreement?

A: You may include one agreement between the applicant and the social services provider if the provider is the same for all of the services identified. Please note that in addition to the term of the agreement and the cost of the services, evidence of availability, accessibility and affordability may not be the same for each service, and this must also be addressed in your agreement and description of services.

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### Signatures

Q: Is a typed signature (with the letter on letterhead) sufficient or is an actual signature required?

A: Typed signatures are acceptable.

### Point in Time Calculations

Q: Can we continue to use the 2019 PIT counts for supportive housing needs analysis in the upcoming tax credit round since the 2020 numbers haven't been released yet?

A: Yes, please use the 2019 PIT counts for the Supportive Housing Needs Analysis.

### Municipal Contributions

Q: If a Municipality is providing a contribution from its general funds, rather than from an Affordable Housing Trust Fund (so not part of a spending plan for the AHTF), please confirm nothing more is needed other than Developer's Agreement noting the required payment and a resolution from the Township Governing Body approving the Developer's Agreement.

A: Please refer to N.J.A.C. 5:80-33.12(c)6iv, which outlines the documentation required to evidence a municipal contribution. Generally, a resolution/ ordinance from the final approving authority is required to be submitted.

### Evidence of Subdivision

Q: Regarding site control, what documentation is required for a property that has been subdivided without a deed.

A: Per the QAP, the applicant assumes the full burden of disclosing with certainty in its application how it shall obtain and maintain site control.

### Social Services

Q: If the property is offering social services or including a homeless unit set aside pursuant to the point system, can the required social service staff and fees be paid out of cash flow so that they are not included in the calculation of net operating income (NOI), in order to size a greater permanent mortgage? Additionally, can any of the costs for the required social service staff and fees be capitalized in the development budget as a social service reserve instead of being included in the operating budget?

A: Evidence of funding for social services is required to be submitted in the application. Sources must be firmly committed/ available to the project in order to be eligible for the points.

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### Signed Form 10s

Q: NJHMFA will not be providing a Form 10 signed by the Property Management Division or the Multifamily Division for their conditional permanent mortgage commitments due to the fact that staff is working remotely. The Form 10 served as an acceptable form of support for operating expenses (Part II, Section 7. Financial Feasibility) as well as a confirmation from the project's mortgage lender of the assumptions in the 15-year operating pro forma (Part IV). Will the NJHMFA signed commitment letter and approved RFA be acceptable this year to cover these two requirements? Thank you.

A: Please submit in the application the unsigned Form 10 that was approved by the Board as well as the email from the Multifamily Division transmitting the RFA, conditional commitment and unsigned Form 10 to the borrower.