

**SANDY SPECIAL NEEDS HOUSING FUND (“SSNHF”) PROGRAM GUIDELINES**

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**Please Take Notice**

These guidelines may be amended from time to time due to changes in New Jersey Department of Community Affairs’s Community Development Block Grant-Disaster Recovery Action Plan (the “Action Plan”). Such amendments may occur without notice and are applicable to all pending and future applications. Applicants are, therefore, responsible for contacting the New Jersey Housing and Mortgage Finance Agency (the “Agency”) to ascertain whether or not there have been any changes since the date of these guidelines and for complying with such changes.

In addition, except as set forth below, the Agency’s Special Needs Housing Trust Fund (“SNHTF”) Guidelines are applicable to this program and are incorporated as if fully set forth herein. In the event of a conflict between the SNHTF Guidelines and the SSNHF Guidelines, the latter shall apply.

	<b>SSNHF Guidelines</b>
<b>PROGRAM OVERVIEW</b>	The Sandy Special Needs Housing Fund (“SSNHF”) provides capital subsidies in the form of loans to not-for-profit and for-profit developers to develop permanent supportive housing to special needs populations in the State of New Jersey (the “State”). 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 funding from the New Jersey Department of Community Affairs (“DCA”). The SSNHF lets developers apply directly to the Agency for needed subsidies to develop permanent supportive housing to accommodate special needs populations in the State.
<b>NATIONAL OBJECTIVE</b>	Low and moderate income and urgent need
<b>1. Eligible Applicants</b>	Private for-profit and nonprofit housing developers and public housing authorities capable of developing, managing the permanent supportive housing project and providing supportive services directly or indirectly with the service provider to the targeted special needs populations.
<b>2. Eligible Project Locations</b>	The project must help replenish the supply of affordable permanent supportive rental housing units in the nine most impacted and distressed counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union Counties).
<b>3. Eligible Types of Projects</b>	In all cases, eligible projects must be permanent affordable supportive rental projects or community residences in which some or all of the units are affordable to low and moderate income and special needs populations as defined in the SNHTF Guidelines. Development may include the acquisition of land and/or building(s), new construction or rehabilitation of existing building(s). Refinancing of existing indebtedness secured by a property being rehabilitated with CDBG funds is also an eligible activity, provided the Agency determines such refinancing is necessary or appropriate to achieve our community development objectives. These objectives include the deeper income targeting of units and the provision of housing for vulnerable Special Needs populations at a greater level of affordability (i.e. those earning 30% or less of

	<b>SSNHF Guidelines</b>
	<p>AMGI).</p> <p>Sponsors must secure a commitment of funding for support services and must have a support services plan approved by the Agency and/or the appropriate State agency. Additionally, projects must also be financially feasible and sustainable as demonstrated by a commitment of operating subsidy/rental assistance or by a demonstrated ability to ensure the long term operation of the project.</p>
<b>4. Selection Criteria</b>	<ul style="list-style-type: none"> <li>- Located within one of the nine (9) counties – 25 points</li> <li>- 100% special needs units with support services – 10 points</li> <li>- CDBG Efficiency (requesting less than the per unit maximum and/or less than 80% of the total development cost in SSNHF subsidy) – 20 points</li> <li>- Meet the State’s determined priorities described in the targeted county’s Continuum of Care Plan, as applicable - 10 points</li> <li>- Deep Affordability (at least 75% of the special needs units in each project are at or below 30% AMI) - 15 points</li> <li>- Readiness to proceed- Start of construction and/or closing with lender or syndicator within 90 days of award – 20 points</li> </ul> <p>Applicants must score at least 55 points to be eligible for SSNHF.</p>
<b>5. Subsidy Loan Amounts</b>	<p>Subject to availability of funds.</p> <p><b>Sandy Special Needs Housing Fund:</b>  There is no cap on the maximum amount of SSNHF funding to be provided for a given Special Needs project as long as the funding meets the program guidelines. The maximum subsidy loan amount for any one hundred percent (100%) special needs housing projects with a total development cost of over \$700,000 may not exceed 80% of the total development costs as long as the funding requests meets the program guidelines. One hundred percent (100%) special needs housing projects with a total development cost of \$700,000 or less could receive up to one hundred (100%) financing in the SSNHF subsidy. Sponsors seeking SSNHF financing must provide written evidence that they have exhausted all available sources of leveraging from outside sources such as the County and Municipal HOME Program(s), the Affordable Housing Trust Fund, and the Federal Home Loan Bank, to fill the project development financing gap. The maximum subsidy loan amounts per unit for mixed occupancy units may not exceed \$170,000.</p> <p>75% of the SSNHF funding is allocated to households at or below 30% of area median income. 25% of the SSNHF funding is allocated to benefit households with gross income between 30% and 80% of area median income.</p> <p>In addition, SSNHF subsidy may be available to projects receiving Federal Low Income Housing Tax Credits (“LIHTCs) allocated by the Agency, both 9% and 4% LIHTC projects are eligible, as well as tax-exempt bonds and stand-alone financing.</p> <p>SSNHF subsidy loan amounts will be approved only after documentation of other sources of funding have been identified in accordance with Duplication of Benefits provisions of the federal Stafford Act. CDBG-DR 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.</p>

<p><b>6. Types of Available Funding</b></p>	<p>All funds for SSNHF funding will be provided to projects in the form of loans.  <u>Loan types:</u></p> <ul style="list-style-type: none"> <li>(1) Construction loans which convert to permanent financing;</li> <li>(2) Permanent loans for take-out financing;</li> <li>(3) No more than 3 month's interest on pre-development, acquisition bridge loans may be eligible costs for reimbursements</li> <li>(4) Special needs project escrow will not be funded under SSNHF program.</li> </ul> <p><b>Note:</b> Project Sponsors must demonstrate that SSNHF funds committed to the project(s) must be fully expended prior to using other funding sources and within the allowable time frame of two (2) years. The starting date for such two (2) year period is the date of the loan closing.</p>
<p><b>7. Mortgage Lien Status</b></p>	<p>All SSNHF loans will be secured by a first mortgage lien on the land or improvements. Whenever a first lien position is determined not to be available, the Agency will allow its loan to be in a subordinate position.</p>
<p><b>8. Financing Term</b></p>	<p>Unless otherwise authorized, the estimated financing term of an SSNHF subsidy loan shall match that of the Agency mortgage financing and/or the LITHC requirement, whichever is applicable.</p> <ul style="list-style-type: none"> <li>1) any project financed under the SSNHF subsidy loan must be occupied by the targeted special needs populations for the term of the subsidy loan.</li> </ul>
<p><b>9. Security and Collateral</b></p>	<p>Each SSNHF subsidy loan shall be secured by a note and mortgage. There is generally no recourse to other assets of the borrower except in the case of fraud or other acts with regard to the project.</p>
<p><b>10. Mortgage Interest Rate</b></p>	<p>SSNHF subsidy loan provided during construction shall be at a 0% interest rate.</p> <p>Interest on SSNHF subsidy loans for permanent financing will be determined based on the financial feasibility and long-term affordability of the project as determined by the Agency.</p>
<p><b>11. Cash Flow</b></p>	<p>Cash flow loans may be available to special needs projects that cannot support an amortizing loan.</p>
<p><b>12. Cash Flow Repayments</b></p>	<p>No interest shall begin accruing nor repayment of the loan shall begin until two years after the project places in service.</p> <p>Repayment of a SSNHF subsidy loan for any project shall occur annually and shall be equal to 25% of available cash flow remaining after the payment of operating expenses, required reserves and amortized mortgage loan debt and at the earlier of the maturity of the SSNHF subsidy loan or upon expiration of the affordability controls, whichever comes first, the balance of any unpaid principal balance, together with all accrued interest thereon, shall become due and payable.</p> <p>The Agency will require the Project Sponsor to submit annual financial statements (annual audit and or compilation report) to document the SSNHF financed project's available cash flow.</p>

<b>13. Debt Service Coverage Ratio</b>	When applicable, in all cases, the maximum mortgage supportable at a minimum of 1.15 debt service ratio must be obtained before SSNHF subsidy loan amounts will be determined.
<b>14. Other Underwriting</b>	<p>Projects funded by SSNHF subsidy loans must meet the requirements of the Agency's SSNHF &amp; SNHTF Guidelines</p> <p>SSNHF subsidy loans shall be considered to be an Agency Loan.</p> <p>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 share housing, Section 3 of the Housing and Urban Development Act of 1968 compliance, compliance with the Davis-Bacon Act as well as all other labor standards provisions, procurement regulations and equal opportunity requirements and compliance with OMB Circular A-87, program income, and other CDBG-DR financial requirements.</p>
<b>15. Sales Tax Exemptions</b>	<p>Sales of materials or supplies to housing sponsors utilizing Agency construction financing are exempt from New Jersey State sales tax.</p> <p>Sales of materials or supplies to contractors for the purpose of erecting housing projects which have received Agency construction financing and other local, state or federal subsidies are eligible for exemption from New Jersey State sales tax. For the purpose of this exemption, the project must have a governmental subsidy other than SSNHF loan.</p>
<b>16 Other Junior Financing and Subordinate Debt</b>	Whenever a first lien is determined not to be available, the Agency will allow its maximum loan amount to be in a subordinate position.
<b>17 Project Fees</b>	Maximum limitations on the contractor fee and/or the developer fee shall be those placed on the project by the SSNHF financing program.
<b>18. Tenant Income Requirements</b>	Projects funded by SSNHF must meet the requirements of the Sandy Special Needs Housing Fund and the Special Needs Trust Fund Guidelines, as applicable.
<b>19. Affordability Controls</b>	<p>Any loan agreement entered into for SSNHF subsidy funds shall incorporate contractual guarantees and procedures to ensure that any unit of permanent supportive housing provided for low and moderate income individuals and/or households shall continue to be occupied by low and moderate income individuals and/or households for five (5) years</p> <p>Income and population certifications must be submitted to the Supported Housing and Special Needs Division during rent up for every new move-in thereafter.</p>
<b>20. Energy Efficiencies and Green Building Standards</b>	Projects funded by SSNHF must meet the requirements of the Special Needs Best Methods Design Questionnaire, as applicable.
<b>21 Authority to Approve Award of Application</b>	The Agency Board will approve all awards.
<b>22. Application Date</b>	The "application date" shall mean the date the Agency's Agenda Review Committee deems the submission to be a complete application that can be presented to the Agency Board for consideration.
<b>23. Complete Application</b>	An application submitted to the Agency, including the application fee, completed application forms and certifications that meets all eligibility requirements.