

AUGUST 2022 CONSOLIDATED REQUEST FOR PROPOSALS

Affordable Housing Projects

Affordable Housing Trust Fund (AHTF) | Community Development Block Grant (CDBG)
HOME Investment Partnerships Program (HOME)

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**ISSUED BY:
DIVISION OF COMMUNITY DEVELOPMENT
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I. INTRODUCTION

The Division of Community Development (the “DCD”) is seeking project proposals from developers with the qualifications and capacity to develop affordable housing projects for low- and moderate-income households. The DCD is expecting to fund affordable housing projects with its Affordable Housing Trust Fund, HOME Investment Partnerships Program, Community Development Block Grant, and COAH Regional Contribution Agreement Recapture Funds (collectively known as “DCD Funds”) to promote the development of affordable homeownership and rental housing projects under this Request for Proposals (the “RFP”).

The amount of financial assistance that will be allocated to either eligible affordable homeownership or rental housing development projects under this RFP will be limited only by availability of the DCD Funds. The DCD reserves the right to allocate a portion of or all of these funds for any eligible projects under the terms of this RFP. Affordable housing projects assisted by the DCD shall comply with the applicable federal, State, and local codes and ordinances and the rules and regulations for affordable housing. All prospective applicants are strongly encouraged to read the following document in its entirety prior to beginning an application.

- **Online Applications** – Applications must be created and submitted online through **Neighborly** software <https://portal.neighborlysoftware.com/JERSEYCITYNJ/Participant>. Certain specific instructions and forms are only available through the online system.
- **Prioritization** – Projects will be prioritized based on project location, family-oriented bedroom size units, low-wage earners, senior citizens, homeless veterans housing, transitional housing and disabled individuals. A full list of prioritization points for affordable housing targeting are enclosed within this RFP.
- **Income Targeting** – To receive funding, eligible homeownership projects must serve households with incomes up to 80% of AMI (see Section VIII for definition). New rental units produced must initially serve households at or below 65% AMI categories. Projects may contain units that serve other income levels, but those units will not be eligible for DCD funding. Scoring preference is awarded to projects that target lower incomes.
- **Geographic Target Areas** – The City of Jersey City (“City”) has geographic target areas which prioritize projects in order to maximize incentives for residential development in the City’s lower-income opportunity neighborhoods that experience cost burdening. Projects located in the tiered geographic target areas may qualify for PILOT and/or Tax Abatements under City of Jersey City Executive Order 2015-007 Payment in Lieu of Taxes Policy and Procedures.
- **Green Building Standards** – Projects designed and built using the Enterprise Green Communities Criteria, Energy Star Certified Homes 3.1(1-4 family homes, low rise multifamily), Energy Star Multifamily High Rise (6+ stories), or a substantially similar standard, will receive additional prioritization scoring points.
- **Greater Detail in Scoring Criteria Categories** – This RFP provides more detailed

guidance on what will be evaluated in all categories.

II. WHO SHOULD APPLY

The DCD will accept and consider eligible development proposals from all qualified applicants. Specific requirements for development team members are detailed Neighborly application portal. Applicants should represent a development team that includes a developer, architect, professional consultants such as an attorney, a general contractor, property manager, supportive services provider (Supportive Housing Projects only), lenders and investors, and any other team members necessary to finance, construct, and operate the development.

Together, the team must have the experience, financial, and technical capacity to deliver a project that meets all eligibility requirements and remains operational and compliant for the restrictive affordability period of the project.

Applicants and project team members may be a non-profit or for-profit entity.

Projects must meet all Threshold Eligibility Requirements. Failing to meet even a single Threshold Eligibility Requirement will result in disqualification, and the application will not be scored or further evaluated. Applicants who know that their project will not pass Threshold Review are encouraged to further develop their proposals prior to applying for funding in future rounds. In addition to threshold Eligibility Requirements, in order to be considered for funding, the project must commence construction within 12 months of funding approval and all other funding sources should have been secured (gap funding only).

III. HOW TO APPLY

All proposals in response to this RFP must be created and submitted in DCD's online submission system, located at the following web address:

<https://portal.neighborlysoftware.com/JERSEYCITYNJ/Participant>

The system will be available on August 31, 2022

Applications are due by 11:59 PM on October 19, 2022

Applicants should visit the website as soon as possible to register as a user. Detailed instructions regarding how to complete the application are included within website. However, access to the application and instructions will not be available until the application is opened for submissions.

The central component of the application is a multi-tab spreadsheet titled 'Application for Financing' provided by DCD (available within the portal.neighborlysoftware.com Online Application System, linked above). Applicants will use this workbook to present details of their proposal, such as their development budget, operating pro-forma, tax credit calculations (if applicable), and unit information.

Additionally, applicants will be required to upload an extensive list of documents, some provided by DCD and filled out by the applicant, and others obtained directly by the applicant.

In order to submit a responsive, fully competitive proposal and maximize the scoring potential of the application, all application filing requirements must be closely followed and all information requested in the application must be responded to completely. Hard copy applications, binders and/or CDs, are not required and will not be accepted in lieu of an online application submission.

IV. REVIEW PROCESS & TIMELINE

The project review process has four phases and takes approximately 9-12 months, as summarized in the table below. This timeline assumes no unforeseen delays, and is detailed below.

Project Review Timeline

	<i>DATE*</i>	<i>MILESTONE</i>	<i>REVIEW PHASE</i>
2022	August 31, 2022	RFP Released	0. Application
	October 19 (11:59 PM)	Proposals Due to DCD	I. Threshold Review
	October – Nov.	Threshold review results completed	II. Scoring
	November – Dec.	Project selection results completed	III. Underwriting
	January – February	Letters of Commitment issued	IV. Pre-Closing Due Diligence
	February – March	Closing / Execution of document phase	

***Dates are approximate and subject to change without notice.**

A. Threshold Review

Once the application window is closed, DCD will conduct a threshold review to determine whether or not applications conform to the Threshold Eligibility Requirements outlined in Section V of the RFP. Applications must meet every single requirement or they will be deemed ineligible and will not be reviewed further. Applicants whose proposals do not meet Threshold will be notified so that they can work to address the deficiencies and reapply through the next Request for Proposals. Applications that pass Threshold will be advanced to the Scoring phase.

Milestone: Complete Application Threshold Review

Estimated Date Range: October – November 2022

B. Scoring

Applications that meet all Threshold Eligibility Requirements will be scored against the Underwriting Scoring Criteria outlined in Section V of the RFP. Projects meeting the minimum Underwriting Scoring Standards will also be scored against the Prioritization Scoring Criteria.

DCD will evaluate all applications and make recommendations to the City Council for approval. Projects which DCD finds: a) meet the eligibility requirements, b) meet the minimum Underwriting Scoring Standards, and c) score competitively compared with other proposed projects of similar type, will be recommended by DCD for funding. DCD will conduct the final review of applications and will recommend that a set of projects be selected for further underwriting. The selection letter is not a firm commitment and will not outline terms and

conditions. Selected projects will be advanced to the Underwriting phase, where terms and conditions will be developed.

Milestone: Projects selected for further underwriting

Estimated Date Range: November – December 2022

C. Underwriting

DCD will conduct due diligence, neighborhood and site standards analysis, market study analysis, maximum subsidy limits analysis, and other regulatory cross-cutting requirements before entering into a firm project commitment. DCD will also review other proposed and committed sources of financing and operating subsidy, and otherwise verify representations made in the application. DCD program staff will establish tentative underwriting terms including (where applicable) loan amounts, loan terms, interest rates, security and collateral requirements, and other applicable covenants. Site visits may be scheduled with each applicant to visit the proposed project site, and the site of another project that the developer has already completed or on which construction has commenced.

Projects that pass the initial underwriting phase will be thoroughly reviewed against all program compliance criteria. DCD staff will evaluate and score applications and if necessary request additional information or clarification. Projects that are approved by DCD will be recommended to the City Council for approval.

Milestone: Underwriting Review

Estimated Date Range: January - February 2022

D. Pre-Closing Due Diligence

Once a Letter of Interest has been executed, a set of final pre-closing steps will occur. For example: DCD will prepare draft loan documents for the project and share with the borrower for review; Developers must secure final funding commitments from all funding sources and obtain final building permits. Once all of the pre-closing requirements are completed, the project will proceed to closing. A full list of the pre-closing requirements is included in the Compliance and Monitoring Reference Guide.

Milestone: Closing

Estimated Date Range: February - March 2022

E. Post-Closing

After closing, DCD will hold a pre-construction meeting to discuss the construction phase of the project. This will include review of site control, land use approvals, permits necessary, voucher submission process, and other necessary information for project construction. A Notice to Proceed letter will be furnished. DCD will continue to monitor the project during construction, at lease-up or sale, and for the entire affordability compliance period and loan repayment term.

V. SELECTION CRITERIA

All project proposals will be reviewed against a combination of Organizational Requirements, Threshold Eligibility Requirements and Scoring Criteria. Failure to meet any of the Organizational or Threshold Eligibility Requirements will result in disqualification. Projects that comply with all the threshold requirements will next undergo Underwriting Scoring. Finally, projects that are not disqualified in underwriting will be scored against a set of Prioritization Scoring criteria. All selection criteria are described below.

The Neighborlysoftware.com Online Application System will prompt applicants to submit documentation in response to all requirements and scoring criteria, and further details and instructions about each element are available once an online application is begun.

A. Organizational Requirements

Applicants must submit documentation that fully demonstrates their compliance with each and every one of the Organizational Requirements outlined below. The Neighborlysoftware.com Online Application System will prompt applicants to answer a series of questions about their proposals and upload the required documentation. Failure to meet the eligibility requirements, or to document eligibility, will result in elimination of the application from funding consideration without further review.

1. Organization/Business Articles of Incorporation

All applicants must show developer's capacity through a set of formal documents filed with a government body to legally document the creation of the corporation.

2. Organization/Business By-Laws

All applicants must show developer's capacity through its bylaws defining its purpose, how it will operate, and the duties and responsibilities of the people who own and manage it.

3. Current Board of Directors List

All applicants must submit its Board of Directors List showing who are the elected representatives to establish corporate management related policies and make decisions. At minimum, the List should include a Board member's name and title.

4. Certificate of Good Standing

All applicants must submit a state-issued Certificate of Good Standing that shows the corporation or limited liability company (LLC) has met its statutory requirements and is authorized to do business in that state.

5. System Award Management (SAM) Registration

All applicants must be registered and active in the System Award Management (SAM.gov) database, a Federal Government owned web site that certifies a business is not barred from conducting business and may receive government grants.

6. Most Recent Audited Financial Statements

All applicants must submit an examination of financial statements and accompanying disclosures by an independent auditor to demonstrate developer capacity.

7. Most Recent Tax Return (for-profit) or Form 990 (non-profit)

All applicants must submit its most recent tax return to report its income and tax liability with the Internal Revenue Service (IRS).

8. IRS 501(c)(3) Exemption Determination Letter (non-profit)

All non-profit applicants must submit a 501(c)(3) exemption letter issued from the IRS to demonstrate its non-profit status.

B. Threshold Eligibility Requirements

Applicants must submit documentation that fully demonstrates their compliance with each and every one of the Threshold Eligibility Requirements outlined below. The Neighborlysoftware.com Online Application System will prompt applicants to answer a series of questions about their proposals and upload the required documentation. Failure to meet the eligibility requirements, or to document eligibility, will result in elimination of the application from funding consideration without further review.

1. Eligible Project Type

To align with the above-stated priorities, DCD will only consider funding requests for the following project types through this RFP:

a. Homeownership Production Below 80% AMI

- Funding for new construction projects, or projects that rehabilitate vacant buildings, that produce units reserved for households earning below 80% of AMI.
- Funded units may be within a mixed income project, but DCD will not fund new units capped at higher AMI levels.

b. Initial Rental Production Below 65% AMI

- Funding for new construction projects, or projects that rehabilitate vacant buildings, that produce units reserved for households earning below 65% of AMI.
- Funded units may be within a mixed income project, but DCD will not fund new units capped at higher AMI levels.

The requirements does not preclude mixed income or mixed use proposals. However, applicants will be responsible for demonstrating in their application materials (particularly the development and operating budgets) that any DCD funds requested will only be allocated towards costs associated with eligible units. Further guidance on this subject is provided under Threshold Eligibility Requirement number 5 (Application for Financing Form) and in the Appendix of this document.

2. Site Control

Applicants must have site control or be in process of obtaining site control for the proposed development. This may be in the form of a current deed evidencing fee simple ownership, a municipal conveyance agreement executed with the City of Jersey City or Jersey City Redevelopment Agency, or a contract of sale.

3. Zoning Conformance

The applicant must demonstrate that the proposed development is matter of right, or that approval from the Planning Board or Zoning Board of Adjustment has been obtained (or in process of) for any Variances and/or Special Exceptions.

If the project is in a Historic District or is a Landmark Building, Historic Preservation Commission approval of the conceptual design is required prior to application submission.

4. Application for Financing Form

The financial component of this application will be submitted using a multi-tab spreadsheet titled 'Application for Financing Form' that will be provided by DCD (available within the Neighborlysoftware.com Online Application System). Applicant will select either the Homeownership or Rental financing form depending on the scope of the proposed project. Applicants will use this workbook to present the details of their proposal such as the development budget, operating pro-forma, affordability range, tax credit calculations (if applicable), and unit information. The financial information submitted must make a compelling and coherent case for the funding request, and all data must match the corresponding information provided elsewhere in the Online Application.

“DCD’s core underwriting principle is that DCD funds are a source of gap funding”;

applicants must demonstrate that they have pursued and are in the process of securing all other feasible funding sources prior to applying for DCD funds. This includes private debt and equity, as well as other below-market sources, such as private grants, Low Income Housing Tax Credits, Historic Preservation Tax Credits, Neighborhood Revitalization Tax Credits, etc. The applicant will provide letters of interest with terms and conditions substantiating the information in the Application for Financing Form in order to demonstrate that they have pursued non-City funding/financing. Senior loans, for example, should have competitive Debt Service Coverage Ratios and interest rates.

On the uses side of the budget, applicants should pay special attention to DCD’s cost and funding guidelines that apply to all projects, which include formula caps on the following:

- Developer Fee
- Builder’s Profit
- Builder’s Overhead
- General Requirements
- Architect Design
- Architect Administration
- Construction Management

Submitting an application for financing that includes costs in excess of any one of these categories may result in disqualification of the project.

Appendix Section X provides cost guidelines for the following categories:

- Construction and Rehabilitation Costs
- Operating Costs

Applicants may justify exceeding the construction and operating cost guidelines by up to a certain percentage, but doing so will hurt their score.

Full instructions on completing the Application for Financing Form can be found in Appendix Section X (APPENDIX - GUIDELINES FOR COMPLETING THE APPLICATION FOR FINANCING FORM) of this document. Applicants should refer to and adhere to the guidelines and parameters included in this RFP.

Special Note for Mixed-Income or Mixed-Use Projects:

Non-eligible uses (commercial space, over-income units, etc.) must be displayed in the application for financing, but shall be segregated out of the budget. Similarly, the sources side of the budget must show what portion of each source is allocated to eligible and ineligible uses. The budget must show the following:

- Eligible uses (line by line, and total)
- Ineligible uses (line by line, and total)
- Total uses
- Sources allocated to eligible uses
- Sources allocated to ineligible uses
- Total sources

In summary, the applicant must be able to show that the portion of the building that is ineligible for DCD funding can be financed without DCD assistance. For example, if your project has ground floor retail or market rate units, you must demonstrate financing commitments (or realistic interest) from non-DCD funds or investors sufficient to cover the costs associated with that portion of the building.

Diverting funds from a source that is generated by income from eligible uses or eligible cost basis (such as LIHTC equity or the portion of debt attributable to affordable units) to fund ineligible expenses, thereby creating a larger funding gap for DCD funds to cover, will result in disqualification of the project.

5. Market Study

For affordable rental or for sale housing, a market study must be submitted as part of the application. The market study should, at a minimum, contain the following elements:

1. Characteristics of the Project Location
2. Need for Project
3. Targeted Population Description (income, household size, etc.)
4. Comparable Rents and Sales

If the project proposes units that target a specific population, the market study must demonstrate demand for that type of housing.

6. Conceptual Drawings

Applications must submit conceptual drawings or schematic designs that reflect the general

intent of the project and generally delineate the proposed project scope.

7. Development Team Thresholds

The applicant must have the development team in place and provide complete information and documentation on its members. At a minimum, the following team members must be identified:

- Owner (including all parties involved in the partnership)
- Developer
- Development Consultants (if applicable)
- Architect
- General Contractor
- Construction Manager (if applicable)
- Management Agent (for rental projects)
- Supportive Services Provider (if project includes Supportive Housing units)

Applicants may indicate that they have not yet selected a General Contractor or a Management Agent, though doing so will reduce their score in the Development Team Capacity and Experience section of the Scoring Criteria.

Within the past 5 years, members of the development team acting as sponsor, developer, guarantor, or owner cannot have had chronic past due accounts, substantial liens or judgments, chronic housing code violations, excessive tenant complaints, or consistently failed to provide information to the City about other loan applications or existing developments.

8. Financial Information for Existing Projects

For existing and occupied buildings/properties ONLY, additional information is required to describe the current status of the project, including the current debt structure, any operating subsidies currently available to the project, any supportive services currently provided, the current occupancy, and project financials. The applicant must provide audited financial statements for the prior two fiscal years of project operations, or if audited statements are not available, then three fiscal years of un-audited year-end financial statements AND three corresponding years of certified federal income tax returns of the project must be submitted.

9. Relocation and Anti-Displacement Strategy

For existing and occupied buildings/properties ONLY, the applicant must submit a Relocation and Anti-Displacement Strategy for projects that result in the temporary or permanent displacement of current occupants. Instances where this is required include the following, regardless of funding source:

- Tenants will be required to move to facilitate rehabilitation of the building, even if they are moved to other units within the same building or complex;
- Demolition of existing dwelling units or buildings which are occupied at the time of acquisition or site control; or
- Tenants will be displaced because the proposed rents are not affordable.

Preference will be given to vacant properties.

10. Financing Letters

Applicants must submit letters of interest from all other participating financial sources during time of application. Firm letters of commitment with loan terms will be required at time of

contract execution.

C. Scoring Criteria

Applications that meet all of the Threshold Eligibility Requirements listed above will move on to underwriting and scoring. Proposals receiving Underwriting Scoring will then be compared against all other scored proposals for the proposed eligibility category (i.e. Production). In general, it is the City's goal to provide funding to those projects that provide the greatest public benefit while maximizing the impact through the use of DCD funds.

City Council will approve final selection of projects to be funded. No project that fails to meet one or more of the Threshold Eligibility Requirements will be selected. The DCD review team reserves the right to disqualify projects for justifiable reasons that were not contemplated when the selection criteria were established. Projects meeting the eligibility requirements, minimum underwriting scoring standards and score competitively compared with other proposed projects will be recommended by DCD for funding. DCD will conduct the fund review of applications and will recommend that specific projects be selected for further underwriting. Upon successful underwriting, meeting commitment guidelines, and City Council approval, DCD will authorize the City to enter into an agreement with the applicant.

Underwriting Scoring

1. Financial and Economic Feasibility (maximum 35 points)

The Financial and Economic Feasibility score is a composite of several factors, listed below. Applications will be scored on the sub-criteria below, and the scores will be summed.

a. Application for Financing Form (maximum 15 points)

- 15 points** = The Application for Financing Form contains a realistic set of sources and uses, development budget, and pro forma operating budget and is based on solid assumptions (vacancy rate, debt service coverage ratios, funding levels for reserves, etc.). The uses are appropriate for the project and the requested financing sources. Acquisition Cost are reasonable. Cost does not exceed the market value of the property as evidenced by an appraisal not over 180 days old at the time of the application. If property has been acquired, submit the most recent appraisal.
- 10 points** = The Application for Financing Form contains a realistic set of sources and uses, development budget, and pro forma operating budget and there are minimal concerns about the assumptions on which they are based (vacancy rate, debt service coverage ratios, funding levels for reserves, etc.). The uses are appropriate for the project and the requested financing sources.
- 0 points** = One or more proposed financing source is not supported by a letter of interest, or there are concerns over the Application for Financing Form and/or the assumptions on which it is based.

b. Timeline (maximum 3 points) – Production Projects Only

- 3 points** = There is a strong likelihood that the project will proceed into construction within 12 months of being selected for funding, and the project will be completed within 4 years, based on the timeline, narrative, and supporting documentation.
- 0 points** = It is unlikely that the project proceed into construction within 12 months of being selected for funding and the project will not be completed within the 4 years, based on the timeline, narrative, and supporting documentation.

c. Architectural Plans (maximum 2 points) - Production Projects Only

- 2 points** = Architectural plans are permit-ready and the construction budget is aligned with the plans. The plans reflect all design characteristics committed to in this application. The construction budget has been prepared and signed by the General Contractor (if already selected) and it is highly unlikely that the budget will change prior to loan closing.
- 1 point** = Architectural plans are not permit ready, but have been developed beyond the schematic design phase. The plans reflect all design characteristics committed to in this application. The construction budget has been prepared and signed by the General Contractor (if already selected) and it is unlikely that the budget will change prior to loan closing.
- 0 points** = Architectural plans are in the schematic design phase and reflect all design characteristics committed to in this application.

d. Financing Commitments (maximum 5 points)

- 5 points** = Firm Letters of Commitment from all other participating financial sources. Rates and terms have been locked in and lenders are ready to close as soon as the City commits to funding the final gap. DCD funds will be leveraged with other public and private resources.
- 3 points** = Firm commitments are in place for some, but not all other major participating financial sources. Some rates and terms have been locked in and lenders are ready to close as soon as the City commits to funding the final gap.
- 1 point** = Financing commitments are substantiated with Letters of Interest that include basic term sheets.
- 0 points** = Financing letters of interest or commitment are missing from most financing sources.

e. Overall Financial and Economic Feasibility (maximum 10 points)

- **10 points** = Based on DCD’s assessment of overall feasibility and project readiness, long term financial sustainability of the project is highly likely and an appropriate level of DCD funding is being requested.
- **5 points** = Based on DCD’s assessment of overall feasibility and project readiness, long term financial sustainability of the project is likely, but there are some doubts about the application’s assumptions or the level of DCD funds that are being requested.
- **0 points** = Based on DCD’s assessment of overall feasibility and project readiness, long term financial sustainability of the project may be likely, but there are significant doubts about the application’s assumptions or the level of DCD subsidy that is being requested.

2. Development Team Capacity and Experience (maximum 25 points) - Production Projects Only

Development teams will be evaluated on their experience with and performance on comparable projects, as well as their capacity to deliver the proposed project and maintain long term viability and compliance. The Developer must demonstrate prior development experience of comparable size and type developments. The experience must evidence the developer’s capability to plan, construct, market and manage the project. Applicants that lack experience in a particularly important set of core capabilities are encouraged to find experienced partner to strengthen their application. Applications will be scored on the sub- criteria below, and the scores will be summed.

a. Developer/Owner Capacity and Experience (maximum 10 points)

- **10 points** = The applicant (owner, borrower, sponsor, developer, guarantor) has the financial and workload capacity to make this project a top priority and execute it in a timely manner. The lead developer (and co-developer and/or development consultant, if applicable) demonstrates an exemplary track record in projects of similar size, scale, type and complexity to the proposed project.
- **5 points** = There are some concerns over the applicant’s (owner, borrower, sponsor, developer, guarantor) financial and workload capacity or their ability to make this project a top priority and execute it in a timely manner, or the lead developer (and co-developer and/or development consultant, if applicable) has less experience in projects of similar size, scale, type and complexity to the proposed project.
- **0 points** = There are significant concerns over the applicant’s (owner, borrower, sponsor, developer, guarantor) financial and workload capacity or their ability to make this project a top priority and execute it in a timely manner, or the lead developer (and co-developer and/or development consultant, if applicable) has minimal experience in projects of similar size, scale, type and complexity to the proposed project.

b. *General Contractor Capacity and Experience (maximum 5 points)*

- 5 points** = The selected General Contractor (“GC”) demonstrates an exemplary track record in projects of similar size, scale, type and complexity to the proposed project. The GC has the capacity and experience to deliver this project on time, on budget, and to the highest quality standards, while maintaining compliance with applicable regulations such as Davis-Bacon.
- 2 points** = The selected GC demonstrates a successful but limited track record in projects of similar size, scale, type and complexity to the proposed project. There are some concerns based on the GC’s capacity and experience about their ability to deliver this project on time, on budget, and to the highest quality standards, while maintaining compliance with applicable regulations such as Davis-Bacon.
- 0 points** = Either no General Contractor has been selected, or the selected General Contractor has minimal experience in projects of similar size, scale, type and complexity to the proposed project. There are more major concerns based on the GC’s capacity and experience about their ability to deliver this project on time, on budget, and to the highest quality standards, while maintaining compliance with applicable regulations such as Davis-Bacon.

c. *Management Agent Capacity and Experience (Rental Only) (maximum 5 points)*

- 5 points** = The selected Management Agent demonstrates a successful track record in projects of similar size, scale, type and complexity to the proposed project, including a demonstrated ability to maintain ongoing compliance over the life of a project.
- 2 points** = The selected Management Agent demonstrates a successful but limited track record in projects of similar size, scale, type and complexity to the proposed project. There are some concerns based on the Management Agent’s capacity and experience about its ability to maintain ongoing compliance over the life of a project.
- 0 points** = Either no Management Agent has been selected, or the selected Management Agent has minimal experience in projects of similar size, scale, type and complexity to the proposed project. There are more major concerns based on the Management Agent’s capacity and experience about their ability to maintain ongoing compliance over the life of a project.

d. *Architect/Construction Manager Capacity and Experience (maximum 5 points)*

- 5 points** = The selected Architect demonstrates a successful track record in projects of similar size, scale, type and complexity to the proposed project, and has the capacity and experience to assure that the proposed design is compliant with all applicable regulations, such as accessibility standards, zoning, and historic preservation. The Architect and/or Construction Manager have/has the

capacity and experience to provide project oversight to guarantee that it is delivered on time, on budget, and to the highest quality standards.

- 2 points** = The selected Architect demonstrates a successful but limited track record in projects of similar size, scale, type and complexity to the proposed project, and there are some concerns based on the Architect's capacity and experience about its ability to assure that the proposed design is compliant with all applicable regulations, such as accessibility standards, zoning, and historic preservation. There also may be some concerns about the Architect and/or Construction Manager's ability to provide project oversight to guarantee that it is delivered on time, on budget, and to the highest quality standards.
- 0 points** = The selected Architect has minimal experience in projects of similar size, scale, type and complexity to the proposed project, and there are more major concerns based on the Architect's capacity and experience about their ability to assure that the proposed design is compliant with all applicable regulations, such as accessibility standards, zoning, and historic preservation. There also may be more major concerns about the Architect and/or Construction Manager's ability to provide project oversight to guarantee that it is delivered on time, on budget, and to the highest quality standards.

3. Site Selection and Design Characteristics (maximum 5 points)

Proposed project design must blend with the neighborhood and meet the needs of the occupants with appropriate unit design and amenities.

- 5 points** = Site selection is appropriate for use. The design is consistent with neighborhood design characteristics. Amenities and unit design are well thought out and appropriate for the end users.
- 3 points** = While generally the design is appropriate, some questions remain on either site selection or tailoring of unit design and amenities to the population.
- 1 points** = While generally the design is appropriate, some questions remain on either site selection or tailoring of unit design and amenities to the population. The site may also involve occupants that would require relocation and an anti-displacement strategy plan.
- 0 points** = There are significant unaddressed concerns regarding site selection or unit design and amenities.

4. Market Demand and Need Analysis (maximum 5 points)

Developer must provide documentation that demonstrates sufficient market demand and need for the project.

- 5 points** = Information presented makes a compelling case for the market demand and need for the project.

- 3 points** = Information presented makes a reasonable case for the market demand and need for the project.
- 0 points** = There are significant questions regarding the demand and need for the project.

5. Acquisition Cost Reasonableness (maximum 5 points):

Proposed property acquisition costs must be reasonable and may not exceed the market value of the property as evidenced by an appraisal not over 180 days old at the time of the application. The City will determine reasonableness through an analysis of the appraisal and by comparison of recent DCD-funded projects in similar locations and for uses similar to those proposed in the application. DCD reserves the right to request a second appraisal. If federal funding is proposed, the acquisition cost (regardless of how it is funded) may not exceed the market value per a new or updated appraisal made within 180 days of closing on DCD financing. For projects where the property has been acquired within the past two years, acquisition cost reasonableness will be considered as part of the project evaluation. If the property has already been acquired, submit the most recent appraisal.

- 5 points** = Acquisition appraised value is consistent with all sources of market data.
- 3 points** = Acquisition appraised value is consistent with most sources of market data, but some questions linger regarding acquisition price or with the nature of the transaction.
- 0 points** = Acquisition price is out of line with market data, or results in a significant windfall for a related-party seller.

6. Compliance with DCD Cost and Funding Guidelines (maximum 15 points) - Production Projects Only:

The following cost and funding guidelines apply to all applications. The purpose of these requirements is to assure efficient use of City funds and thus enable DCD to serve more households with its finite amount of subsidy funds.

a. Construction Cost Guidelines

Each application for City funding must conform to the maximum construction/rehabilitation cost guidelines described below unless exceptions are justified by the application.

Maximum Hard Construction Costs per Unit

Type of Building	New Construction	Substantial Rehabilitation	Moderate Rehabilitation
1-4 Residential Stories (No Elevator)	\$247,500	\$200,475	\$136,125
1-4 Residential Stories (Elevator)	\$275,000	\$222,750	\$151,250
5-6 Residential Stories (Elevator)	\$300,000	\$243,000	\$165,000

7+ Residential Stories (Elevator)	\$325,000	\$263,250	\$178,750
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- 10 points** = Construction costs are within the limits outlined above.
- 5 points** = Construction costs are 5% or less outside the limits outlined above, and there are reasonable justifications for the deviation.
- 3 points** = Construction costs are 10% or less outside the limits outlined above, and there are reasonable justifications for the deviation.
- 1 point** = Construction costs are 15% or less outside the limits outlined above, and there are reasonable justifications for the deviation.
- 0 points** = Construction costs are more than 15% outside the limits outlined above, or are less than 15% outside the guideline but without reasonable justification.

b. Operating Cost Guidelines (Rental Only) (maximum 5 points)

Project operating expenses, as modeled in the Application for Financing, should be within a range of **\$5,800 - \$6,800** per unit per year.

- 5 points** = Project complies with Operating Cost Guidelines as outlined above.
- 3 points** = Project falls 5% or less outside the Operating Cost Guidelines as outlined above, and there are reasonable justifications for the deviation.
- 2 points** = Project falls 10% or less outside the Operating Cost Guidelines as outlined above, and there are reasonable justifications for the deviation.
- 1 point** = Project falls 15% or less outside the Operating Cost Guidelines as outlined above, and there are reasonable justifications for the deviation.
- 0 points** = Project either: falls more than 15% outside the Operating Cost Guidelines as outlined above, or Project falls 15% or less outside the Operating Cost Guidelines but without reasonable justification.

7. Supportive Services Plan (maximum 5 points) (Rental Only):

- 5 points** = All the criteria for 4 points are met AND the supportive services provider is a registered 501(c)(3) not-for-profit organization.
- 4 points** = Supportive services plan is complete, thorough, and specifically tailored to the needs of this project. Responsibilities among all parties are clear and well defined. Development team members are well-experienced in

successfully implementing such a plan. The supportive service budget is complete and thorough, and sources of funding for services match or exceed expected expenditures.

- 3 points** = All of the criteria for 2 points are met AND the supportive services provider is a registered 501(c)(3) not-for-profit organization.
- 2 points** = A draft supportive services plan is included which is in the process of being tailored to the specific needs of the project. The draft is an appropriate model for this project. Development team members have some experience in successfully implementing such a plan. There is a draft budget. The supportive services provider is a non-profit organization.
- 0 points** = No supportive services plan is provided, or no budget is provided, or the plan presented is inappropriate for this project.

Other Prioritization Points

1. Special Populations Housing (maximum 5 points)

(Does not apply to Homeownership)

For some groups, sustainable, adequate housing means more than just shelter. For homeless veterans, homeless, ex-offenders, and the disabled, adequate housing requires built in support systems such as case management, access to medical care, and unique construction.

- 5 points** = At least 20% of units are reserved as Special Populations Housing designated for homeless veterans, homeless, ex-offenders, and/or the disabled.
- 3 points** = At least 10% of units are reserved as Special Populations Housing designated for homeless veterans, homeless, ex-offenders, and/or the disabled.
- 0 points** = Applicant does not meet the minimum requirements of units reserved for Special Populations Housing.

2. Family-Oriented Units (maximum 10 points)

This score will be determined from the Applicant's response in the Application for Financing.

- 10 points** = 30 % or more of project units are 3 or more bedrooms.
- 5 points** = At least 20% but less than 30 % of project units are 3 or more bedrooms.
- 3 points** = At least 10% but less than 20% of project units are 3 or more bedrooms.

- 1 point** = Less than 10% but more than 0% of project units are 3 or more bedrooms.
- 0 points** = 0% of project units are 3 or more bedrooms.

3. Non-Profit Participation (maximum 2 points)

This score will be determined from the Applicant's response to the Development Team Member section of the online application. Points will only be awarded for projects in which a non-profit organization has a significant ownership role. A participating non-profit partner must have effective project control, evidenced by project ownership (more than 50% ownership) during project development and throughout affordability compliance period, a limited partnership where the non-profit is a sole general partner, or a limited liability company in which the non-profit is the sole managing member and secures project financing, oversees project construction and demonstrates capacity to operate the project. For LIHTC projects, where the general partner owns less than 1% of the single purpose ownership entity, a non-profit that owns more than 50% of the general partner entity will be considered to have a significant partnership role in the project.

- 2 points** = A non-profit organization has a significant partnership role in this project.
- 0 points** = A non-profit organization does not have a significant partnership role in this project.

4. Certified MBE/WBE Sponsor or Developer (maximum 2 points)

This preference awards prioritization points for a Sponsor or Developer that demonstrates Minority Business Enterprise (MBE) and/or Women Business Enterprise (WBE) certification from the relevant state office where the sponsor or developer is incorporated. In the event the state of incorporation does not have a certifying office, alternative documentation may be submitted to demonstrate the Sponsor or Developer is a genuine Minority Business Enterprise (MBE) and/or Women Business Enterprise.

- 2 points** = The project Sponsor or Developer is a certified Minority Business Enterprise (MBE) and/or Women Business Enterprise.
- 0 points** = The criteria required to obtain 2 points is not met.

5. Transit Proximity (maximum 2 points)

This item awards priority scoring points to projects that are located within ½ mile of a New Jersey Transit Hudson-Bergen Light Rail station or a Port Authority of NY & NJ PATH station.

- 2 points** = The developer/sponsor must demonstrate with a map that its prospective project is located within 1/4 mile of a New Jersey Transit Hudson-Bergen Light Rail station or a Port Authority of NY & NJ PATH station.

- 1 point** = The developer/sponsor must demonstrate with a map that its prospective project is located within 1/2 mile of a New Jersey Transit Hudson-Bergen Light Rail station or a Port Authority of NY & NJ PATH station.
- 0 points** = The prospective project is not located within 1/2 mile of a New Jersey Transit Hudson-Bergen Light Rail station or a Port Authority of NY & NJ PATH station.

6. Leverage (maximum 5 points)

This will measure the extent to which the City loan funds are leveraged with other public and private resources by calculating the percentage of the total development cost that is funded by the City (“City Participation”). City participation includes all development subsidy sources made available through this RFP. This calculation will only consider the portion of the building that is eligible for City funding, and the denominator will be the total development costs attributable to that portion. To maximize points on this criterion, applicants should pursue alternative financing sources that reduce the City’s investment in the project, such as Low Income Housing Tax Credits allocations, private grants or soft debt, etc. In mixed income buildings, applicants may use surplus cash flow from the market rate units to cross subsidize the affordable units and improve their leverage ratio.

- 5 points** = Less than 30% City participation
- 4 points** = Between 30%-34.4% City participation
- 3 points** = Between 35%-39.9% City participation
- 2 points** = Between 40%-44.9% City participation
- 1 point** = Between 45%-49.9% City participation
- 0 points** = 50% City participation or greater (Leverage ratio of 1:1 or below)

7. Income Levels Served (Maximum 5 points)

This measure evaluates the weighted average of the income levels served for units proposed to be DCD funded, with a preference for projects serving lower incomes. This criteria applies to both preservation and production projects. Any units in the building that will not have DCD funds allocated to them directly or indirectly, such as market rate units or other units are ineligible for funding through this RFP.

Initial Rental

- 5 points** = Weighted average AMI less than or equal to 30%.
- 3 points** = Weighted average AMI between 30.1%-50%
- 1 points** = Weighted average AMI between 50.1%-65%

- 0 points** = Weighted average AMI greater than 65%

Homeownership

- 1 points** = Weighted average AMI less than or equal to 30%
- 3 points** = Weighted average AMI between 30.1%-50%
- 5 points** = Weighted average AMI between 50.1%-80%
- 0 points** = Weighted average AMI greater than 80%

8. Mixed-Income (Maximum 2 points)

This preference awards 2 prioritization scoring points to projects that integrate affordable units with market rate units within the same project. To achieve points, the percent of market rate units must be between 20%-80% of the total units, and the affordable and market rate units must be equitably distributed within the development in order to comply with Fair Housing rules.

For the purposes of this criterion, mixed-income only refers to a mix of affordable and market-rate (unrestricted) units and not a mix of affordable units serving varying AMI levels, and the mix must be achieved within a single building with a shared entrance. For example, a 100% affordable building that is part of a larger site mixed-income redevelopment would not qualify for this preference.

Applicants proposing market rate units must be aware that the funding sources made available through this RFP cannot be used to subsidize market rate units (directly or indirectly), so applicants must demonstrate that there is sufficient interest from market-rate lenders and investors to fully finance any market rate units.

- 2 points** = Between 20%-50% (inclusive) of the project's units are market rate, and all proposed market rate units are fully financeable without DCD participation.
- 1 points** = Between 51%-80% (inclusive) of the project's units are market rate, and all proposed market rate units are fully financeable without DCD participation.
- 0 points** = Greater than 80% (inclusive) of the project's units are market rate, and all proposed market rate units are fully financeable without DCD participation.

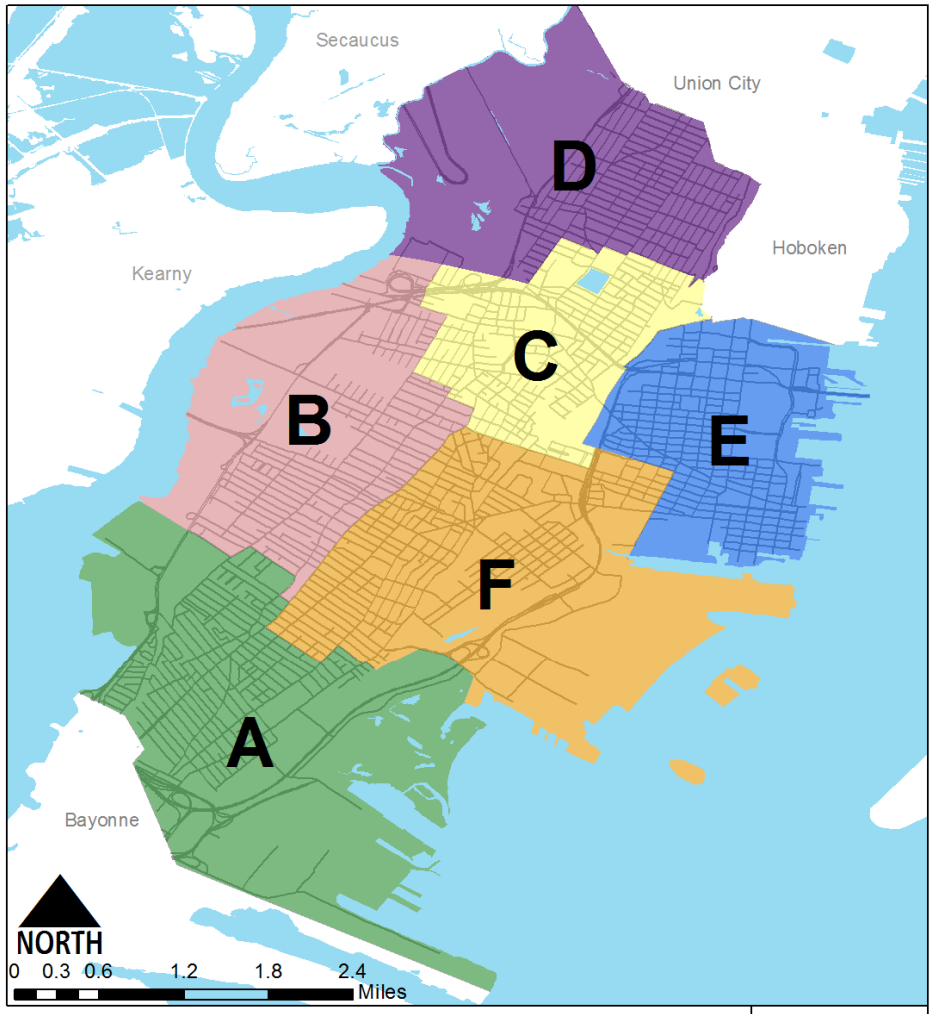
9. Geographic Targeting (Maximum 10 points)

This criteria awards preference points for projects based on location. DCD seeks to create more affordable housing in high opportunity neighborhoods, those with characteristics such as low-crime, low-poverty, and access to high quality schools and jobs. Another goal of this preference is to disperse the City's affordable housing supply more equitably

across neighborhoods and Wards and to provide a counterbalance to the implicit incentive for developers to build affordable housing in high poverty neighborhoods. The map provided in Exhibit A on the subsequent page categorizes the City of Jersey City into its Ward districts. Applicants should use the map to determine in which Ward their project is located.

- 10 points** = Project is located in Ward E
- 8 points** = Project is located in Ward D
- 5 points** = Project is located in Ward C or B
- 2 points** = Project is located in Ward F or A

Exhibit A: Geographic Targeting Map (Wards)



**CITY OF JERSEY CITY
HUDSON COUNTY, NJ**

Division of Community Development
Department of Housing, Economic Development & Commerce

Source: 2010 U.S. Census; JC Division of Planning

Legend

- Road Line
- Water
- Ward A
- Ward B
- Ward C
- Ward D
- Ward E
- Ward F

10. Green Design/Energy Efficiency (Maximum 2 points)

Preference points will be awarded projects that meet the specific certification defined below. Any project claiming this preference must demonstrate the capacity and experience to achieve certification, and the architectural plans and project budgets (development and operating) submitted in the application must reflect the commitment to certification.

- 2 points** = Energy Star. Two prioritization scoring points will be awarded to applicants that design and construct their project to achieve certification under Energy Star Certified Homes Version 3.1 (1-4 family homes and multifamily projects containing 5 stories or less) or Energy Star Multifamily High Rise Program (multifamily projects containing 6 stories or more). Please consult <https://www.energystar.gov/> for building standards and certification process.
- 1 point** = Enterprise Green Communities. One prioritization scoring point will be awarded to project teams pursuing 2015 Enterprise Green Communities Certification. Project teams must demonstrate that they are pursuing these points with Enterprise. Please consult <http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities/certification-2015> for building standards and certification process.
- 0 points** = The project does not meet Green Design/Energy Efficiency standards.



August 2022

Project Name: _____
 Project Sponsor/Developer: _____
 Project Type: _____

	Pre-Development *	Production (Rental)	Production (Homeownership)	Preservation **	
Organizational Requirements					✓
1. Organization/Business Articles of Incorporation	X	X	X	X	
2. Organization/Business By-Laws	X	X	X	X	
3. Current Board of Directors List	X	X	X	X	
4. Certificate of Good Standing	X	X	X	X	
5. System Award Management (SAM) Registration	X	X	X	X	
6. Most Recent Audited Financial Statements	X	X	X	X	
7. Most Recent Tax Return (for-profit) or Form 990 (non-profit)	X	X	X	X	
8. IRS 501(c)(3) Exemption Determination Letter (non-profit)	X	X	X	X	
Threshold Eligibility Requirements					✓
1. Eligible Project Type	X	X	X	X	
2. Site Control	X	X	X	X	
3. Zoning Conformance	X	X	X	X	
4. Application for Financing	X	X	X	X	
5. Market Study	X	X	X	X	
6. Conceptual Drawings	X	X	X	X	
7. Development Team Thresholds	NA	NA	NA	X	
8. Financial Information for Existing Projects (If Applicable)	NA	NA	NA	X	
9. Relocation Plan (If Applicable)	NA	NA	NA	X	
10. Financing Interest Letters	X	X	X	X	

*Predevelopment projects are examined for certain threshold requirements and underwriting scoring. Prioritization scoring will be based on tenure production type.

**Preservation projects are examined for certain threshold requirements. Underwriting scoring and prioritization scoring will be based on tenure production type.

CRITERIA	MAXIMUM				SCORE
	Pre-Development	Production (Rental)	Production (Homeownership)	Preservation	
Underwriting Scoring					
1. Financial and Economic Feasibility	30	35	35		0
a. Application for Financing Form	15	15	15		
b. Timeline	NA	3	3		
c. Architectural Plans	NA	2	2		
d. Financing Commitments	5	5	5		
e. Overall Financial and Economic Feasibility	10	10	10		
2. Development Team Capacity	NA	25	20		0
a. Developer/Owner Capacity and Experience	NA	10	10		
b. General Contractor Capacity and Experience	NA	5	5		
c. Management Agency Capacity and Experience	NA	5	NA		
d. Architect/Construction Manager Capacity and Experience	NA	5	5		
3. Site Selection and Design Characteristics	5	5	5		
4. Market Demand and Need Analysis	5	5	5		
5. Acquisition Cost Reasonableness	5	5	5		
6. Compliance with Cost and Funding Guidelines	NA	15	10		0
a. Construction Cost Guidelines	NA	10	10		
b. Operating Cost Guidelines	NA	5	NA		
7. Supportive Service Plan (if applicable)	NA	5	NA		
Prioritization Scoring					
1. Special Populous Housing		5	NA		
2. Family-Oriented Units		10	10		
3. Non-Profit Participation		2	2		
4. Certified MBE/WBE Sponsor or Developer		2	2		
5. Transit Proximity		2	2		
6. Leverage		5	5		
7. Income Levels Served		5	5		
8. Mixed Income		2	2		
9. Geographic Targeting		10	10		
10. Green Design/Energy Efficiency		2	2		
TOTAL					0
TOTAL PERCENTAGE					

VI. Available Funding Sources

Through this RFP, other available funding sources may be available listed below:

<i>Available Funding Sources</i>		
Available To	Assistance Type	Source
All Eligible Projects	Acquisition	Affordable Housing Trust Fund HOME Investment Partnerships COAH Regional Contribution Agreement Recapture Funds Community Development Block Grant
Non-Profit and Government Sponsored Projects	Predevelopment Subsidy	Affordable Housing Trust Fund
Preservation Projects	Development Subsidy	Affordable Housing Trust Fund COAH Regional Contribution Agreement Recapture Funds
All Eligible Projects	Development Subsidy	Affordable Housing Trust Fund HOME Investment Partnerships COAH Regional Contribution Agreement Recapture Funds

Each funding source operates under separate federal, state or local regulations. All regulations include restrictions on the incomes of families served, and maximum allowable rents, but such restrictions vary among the funding sources. All projects funded through this RFP will be required to execute a long-term affordability covenant recorded against the property's deed.

A brief summary of income restrictions, rent limits and definitions related to income for each funding source is outlined below. Projects must meet the specific income limits in effect at the time of funding, and must subsequently adjust income and rent limits to maintain ongoing compliance with program regulations as new limits are published.

HUD's Minimum Affordability Terms by Funding Source

Funding Source	Rental	Homeownership
HOME (New Construction)	20 years	20 years
HOME (Rehab)	5-15 years depending on subsidy amount	5-15 years depending on subsidy amount
AHTF	30 years minimum	30 years minimum

Be aware that DCD has the right to extend the affordability period higher than HUD's minimum affordability terms should there be reason to extend. Applicants should follow the most recent HUD rent and income limits, which currently are as follows:

2022 Rent Limits

Unit Size	Rental Band		
	Low Rent 50%	High Rent 65%	FMR (information purposes)
Efficiency	1006	1288	1610
1 Bedroom	1078	1381	1711
2 Bedroom	1293	1659	1972
3 Bedroom	1493	1909	2438
4 Bedroom	1666	2110	2674
5 Bedroom	1838	2309	3075

**2022 HUD Rent Levels*

2022 Income Limits*

Income Band	Household Size							
	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
0 - 30%	24150	27600	31050	34450	37250	40000	42750	45500
31 - 50%	40250	46000	51750	57450	62050	66650	71250	75850
51 - 65%	48300	55200	62100	68940	74460	79980	85500	91020
66 - 80%	64350	73550	82750	91900	99300	106650	114000	121350

**2022 HUD Income Limits*

Provided that the costs are attributable to a use eligible for DCD funding, Development financing from any of these sources may be used for most development finance purposes including, but not limited to:

- Acquisition
- Construction financing
- Interim financing
- Permanent financing
- Eligible predevelopment costs
- Eligible hard and soft costs

Development Subsidy sources may not be used for:

- Tenant based rental assistance to tenants
- Capacity building
- Down payment assistance
- Security or utility deposits
- Tax liabilities nor any other municipal, state, or federal obligations
- Operating and maintenance expenses
- Any costs attributable to an ineligible use, such as retail space or market rate units.

Information specific to each funding source is provided below:

HOME Investment Partnerships Program (HOME)

Through the U.S. Department of Housing and Urban Development (HUD), HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-and moderate- income households. HOME provides formula grants to States and localities that communities use in partnership with local nonprofit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership. Detailed information on the HOME program can be found at: www.hud.gov. Go to “Resources/Handbooks-forms/HUD handbooks, etc./HUDCLIPS/Shortcuts/Code of Federal Regulations.; HOME is Title 24, Part 92. Each project sponsor/owner must execute the DCD HOME Subgrantee Agreement that shall accurately describe the terms and conditions of the HOME funding for the project. See 24 CFR Part 92.

Affordable Housing Trust Fund (AHTF)

The Affordable Housing Trust Fund (AHTF) is a local fund established under the authority of the Jersey City Code Chapter 304-32 (the Act). Detailed information about the fund is available in the statute (J.C. Code § 304-32) and regulations (Executive Order 2014-002. Units financed through the Affordable Housing Trust Fund are subject to a 20 year affordability covenant that restricts the maximum allowable rent (varying by unit size and income level served) and establishes maximum income eligibility limits (varying by household size and income level served).

Community Development Block Grant (CDBG)

CDBG are federal funds provided and regulated by HUD. Detailed information on CDBG can be found on the internet: At www.hud.gov, go to “Resources/Handbooks-forms/HUD handbooks, etc./HUDCLIPS/Shortcuts/Code of Federal Regulations; CDBG is Title 24, Part 570; Alternatively, call the Superintendent of Documents Office, Government Printing Office, 202-512-1800 to requests regulations in hard copy.

COAH-RCA

Please visit <http://www.state.nj.us/dca/affiliates/coah/index.html>

VII. COMPLIANCE & MONITORING REQUIREMENTS

In accordance with Federal, State and Local regulations, DCD is required to monitor the use of the funds distributed under this RFP. There are compliance and monitoring requirements associated with every phase of the project once an application is received. Some of these requirements are related to a specific funding source, while others apply to all projects. At the time of proposal submission, applicants will be prompted and required to present documents that allow DCD to conduct the following phases of the review process:

- Threshold Review Phase
- Scoring Phase
- Underwriting Phase

Some of these documents must be final versions. Others, namely the Compliance and Monitoring Documents requested in the application, may be preliminary draft submissions that will be further developed with agency input if the project is selected.

All of the information and instructions that an applicant needs to build a responsive, high scoring application are contained in this RFP document or in the Neighborly Software Online Application System.

Awarded projects are required to comply with the rules and regulations that govern DCD and the projects it funds, to be subject to DCD monitoring for compliance, and to accept any applicable penalties for noncompliance. The applicant is responsible for any and all costs associated with implementing and maintaining records to comply with and allow for DCD monitoring. Below is a monitoring schedule:

Activity	Required Frequency of Onsite Monitoring Visits
For any activity administered by a subrecipient, State recipient, or contractor, while contract is in effect	Annually
Tenant-based rental activity	Annually (unit inspection and income verification only)
Project development activities during all phases of the project through to occupancy and project completion	At least annually, but recommended at periodic timeframes throughout the development process (such as upon submission of payment voucher)
Post completion, for rental projects with 1-4 total units in the project	Every 3 years
Post completion, for rental projects with 5-25 total units in the project	Every 2 years
Post- completion, for rental projects with 26 or more total units in the project	Annually

Household Income and Rent Restrictions

The acquisition and preservation of property for affordable rental units assisted with HOME funds must be serve households who are at or below sixty percent (65%) of the Area Median Income (AMI). In addition, at least 20% of those HOME-assisted units must be rented to households at or below fifty percent (50%) of the AMI. The acquisition and improvement of a property for affordable homeownership units assisted with HOME funds must be sold to households at or below eighty percent (80%) of the AMI. Affordability requirements apply regardless of the term of any loan or mortgage or the transfer of ownership. They will be imposed by the Restriction Agreement and run with the land.

Davis Bacon and Related Acts (DBRA) Requirements

Federal labor laws will be applicable to projects that have/are:

- awarded CDBG funds to build or rehab eight (8) or more units
- consists of twelve (12) or more HOME-assisted units
- include eight (8) or more federal project based vouchers.

City of Jersey City Lobbyist Disclosure Ordinance

Funds will be awarded in accordance with the provisions of the City's Disclosure of Lobbyist Representative Status Ordinance §3-9.1 et seq. adopted on June 12, 2002. The successful applicant will be required to certify that it either did not retain the services of a lobbyist to lobby on behalf of it for the award of this contract, or if a lobbyist was retained for such purposes, the applicant's lobbyist, prior to commencing his/her lobbying activities, shall have filed a notice of lobbyist representative status form with the City Clerk. The applicant whose lobbyist failed to comply with the provisions of Ordinance §3-9.1 et seq., following notice and an opportunity to be heard, shall be disqualified from entering into contracts with the City for a period of two (2) years for each violation.

Section 3 Requirements - After project has been awarded funds

Section 3 contributes to the more sustainable community by safeguarding that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent achievable, directed toward low- and very low-income persons, particularly those who receive government assistance for housing.

Section 3 applies to training or employment arising in connection with HUD funded housing rehabilitation, housing construction, or other public construction projects, and any contracting opportunities arising in connection with both public housing and other Section 3 projects.

In order to meet the Section 3 requirements, the applicant agrees to comply with HUD's regulation, 24 CFR Part 75 and Housing and Revitalization Department (HRD) Section 3 policy and guidelines. The applicant will submit a completed and signed (1) Section 3 Intent to Comply and provide a detailed (2) Section 3 Plan. If the applicant has Section 3 experience, a detailed explanation of past verifiable strategies used for hiring and training low- and very low-income individuals shall be provided whether strategies were successful or not.

VIII. DEFINITIONS

For the purpose of this RFP and any projects funded pursuant to this RFP, the following definitions will apply:

“Affordable Housing” - Housing for which the occupant(s) pay no more than 30% of their income for gross housing costs, including utilities. Households that pay more than 30% of income for housing may have difficulty affording necessities such as food, clothing, transportation and medical care and are considered cost burdened by HUD. Households that pay more than 50% of income for housing are considered severely cost burdened.

“Area Median Income” (AMI) – AMI divides the income distribution into two equal parts: one- half of the cases falling below the median income and one-half above the median. HUD uses the median income for families in metropolitan and non-metropolitan areas to calculate income limits for eligibility in a variety of housing programs. HUD estimates the median family income for an area in the current year and adjusts that amount for different family sizes so that family incomes may be expressed as a percentage of the area median income. HUD User FY 2021 Income Limits Summary for Jersey City-Hudson County can be found at: https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_RentLimits_State_NJ_2021.pdf

“Chronically Homeless” - An individual who has been continuously homeless for a year or more, or who had at least four (4) episodes of homelessness in the last three (3) years, and can be diagnosed with a serious mental illness or health condition.

“Community Housing Development Organization (CHDO)”- A specific type of non-profit organization as defined in sect. 92.2 of the HOME final rule, CHDOs provide safe, decent and affordable housing to low and moderate income families. A CHDO must be qualified by the PJ based on legal status, organizational structure, capacity, and experience.

“Disability” - A physical, mental, or emotional impairment which is expected to be of long-continued and indefinite duration; that substantially impedes the ability to live independently; and is of such a nature that such ability could be improved by more suitable housing conditions (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases).

“Homeless” - Refers to the HUD definition: (1) an individual who lacks a fixed, regular, and adequate nighttime residence; and (2) an individual who has a primary nighttime residence that is (a) a supervised publicly- or privately-operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); (b) an institution that provides a temporary residence for individuals intended to be institutionalized; or (c) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

“Funding Sources” – The sources of funds made available for rehabilitation and construction of affordable housing under the mentioned federal and local programs.

“Permanent Housing” - As defined by HUD, permanent housing refers to community-based

housing without a designated length of stay and where the client is the lease-holder. Permanent housing models included in this plan are Rapid Re-Housing, Permanent Supportive Housing, and Targeted Affordable Housing. Individuals and families who are living in permanent housing are no longer considered to meet the HUD homeless definition.

“Permanent Supportive Housing” – Supportive housing for an unrestricted period of time for individuals and families who were once homeless and continue to be at imminent risk of homelessness, including persons with disabilities as defined in 24 CFR 582.5 for whom self-sufficient living may be unlikely and whose care can be supported through public funds.

“Special Needs” - Refers to an umbrella group of families and individuals (that may or may not be homeless) that have conditions or needs that require the provision of supportive services. These conditions include mental health problems, drug and substance abuse problems, mobility impairment issues, HIV/AIDS and other chronic disease problems, and homelessness.

“Single Room Occupancy (SRO)” - Refers to the HUD definition: a residential property that includes multiple single room dwelling units. Each unit is for occupancy by a single individual. The unit need not, but may, contain food preparation or sanitary facilities or both.

“Supportive Housing” - Housing provided in connection with voluntary services designed to help tenants maintain housing, including, but not limited to, coordination and case management, physical and mental health, substance abuse management and recovery support, job training, literacy, and education, youth and children’s programs, and money management.

“Supportive Services” - Voluntary services designed to help tenants maintain housing, including, but not limited to coordination and case management, physical and mental health, substance use management and recovery support, job training, literacy, and education, youth and children’s programs, and money management.

IX. CONTACT US

Should you need to reach the Division of Community Development, contact us at:

Mailing Address: Division of Community Development
 Department of Housing, Economic Development & Commerce
 City Hall Annex, 4 Jackson Square, 1st Floor
 Jersey City, NJ 07305

Phone: (201) 547-6910 office

X. APPENDIX - GUIDELINES FOR COMPLETING THE APPLICATION FOR FINANCING FORM

Application for Financing Form

Only cells in green must be entered in the Financing Forms.

A. Limitation on Fees

Fees in the development budget are limited according to the following standards established by DCD:

Architect, General Contractor, and Construction Management Fee Limits

Category	Limitation
Builder's Profit	5% to 10% of the net construction costs
Builder's Overhead	2% to 3% of the net construction costs
General Requirements	5% to 10% of the net construction costs
Architect Design	2% to 6% of the construction contract
Architect Administration	1% to 3% of the construction contract
Construction Management	2% to 4% of the construction contract

Net Construction Costs:

Net construction costs are equal to the construction contract amount less builder's profit, builder's overhead, general requirements, and bond fees.

Builder's Profit:

A builder's profit is permitted even if a relationship or identity of interest exists between the developer and general contractor. However, all general contractors must meet DCD guidelines and be approved to act as a general contractor for the project. The allowable profit must range from 5% to 10% of the net construction costs.

Builder's Overhead:

Allowable builder's overhead must range from 2% to 3% of the net construction costs with the lower percentage applicable to larger projects and the higher percentage to projects of lesser amounts.

General Requirements:

The allowable general requirements are determined based on the size of the project. General requirements must range from 5% to 10% of net construction costs.

Architect's Fees:

The allowable architect's fee for project design must range from 2% to 6% of the construction contract amount. For architectural administration, the allowable fee must range from 1% to 3% of the construction contract amount.

Developer's Fee:

The developer’s fee must include all fees paid to processing agents and development consultants, and is calculated based on the formula described below and shall be paid out in the manner described.

The developer’s fee may not exceed \$4 million, regardless of what number the calculation produces. No more than \$2 million in developer fees will be paid out of the development budget. Any allowable amount above \$2 million, up to an additional \$2 million will be deferred and paid out of net operating income.

Maximum Developer Fee Calculation

Fee on Development Costs	Fee on Acquisition Costs
15% on the first \$10,000,000	5% on the first \$10,000,000
10% on amount over \$10,000,000	2.5% on amount over \$10,000,000
Total may not exceed \$4 million , with no more than \$2 million paid out of the development budget and up to an additional \$2 million deferred.	

Total development costs include the following: expenses related to the actual construction or rehabilitation of the project; fees related to the construction or rehabilitation such as architecture, engineering and legal expenses; financing fees and charges such as construction interest, taxes, insurance and lender fees; and acquisition related costs. Total development costs do not include the following: hard or soft cost contingencies, syndication related costs; funded guarantee and reserve accounts that are required by lenders or investors; and developer’s fees. The Application for Financing Form workbook includes formulas that automate this calculation.

B. Income

Enter the unit information, type and targeted sales or rental prices in accordance to HUD limits. For homeownership properties, be sure to only list sales price once (i.e. if duplex, triplex, or quad is being sold, place the unit's information but do not input sales proceeds). If homebuyer's unit has a LMI rental associated, please fill out the rental financing application form as well with Application. Be sure to separate sales prices or rental rents on HOME units from other affordable units (i.e. affordable units funded with other sources) and market units. All DCD-assisted rentals must comply with HUD’s HOME Rents. All DCD-assisted homeownership properties must remain within HUD's maximum sales price limits 95% Median Limits. Homeownership financing form will have a tab for buyer’s affordability assessment.

C. Operating Expense (Rentals)

Estimated annual operating expenses, including real estate taxes and excluding reserve for replacement deposits, **should range from \$5,800 to \$6,800 per unit**. For projects with proposed operating expenses that are outside of this range, sponsors must submit a request for waiver that includes a detailed explanation of the reasons operating expenses are expected to be outside the range and support these estimates with documentation. Staff also will evaluate, where possible, waiver requests for reasonableness on a case-by-case basis against similar properties in the DCD portfolio to determine compliance with the threshold requirements. Even if a waiver is approved, exceeded cost guidelines will negatively affect a project’s score.

Reserve for Replacement Deposits:

Proposed reserve for replacement deposits must not be less than the **minimum** standards for the scope of work proposed:

- For new construction projects, a minimum annual deposit of \$300 per unit annually.
- For substantial rehabilitation projects, a minimum annual deposit of \$350 per unit annually.
- For LIHTC-funded new construction or substantial rehabilitation projects, a minimum deposit of \$400 per unit annually.
- For moderate rehabilitation projects, a minimum deposit of \$500 per unit annually

Vacancy Rate

The pro forma vacancy rate must be supported by the market environment described in the market study. During subsequent underwriting by DCD staff, the rate may be adjusted up or down to reflect documented market conditions. Applicants should assume a 5% vacancy rate unless otherwise substantiated.

Debt Service Coverage Ratios:

For HOME debt, subordinated or in first position, projects must have a minimum debt service coverage ratio of 1.15 by end of the first year of sustained operations (with the exception of projects exclusively or primarily serving populations with special needs) taking into account all debt service payments, including debt service for amortizing loans with fixed monthly payments (as oppose to “cash flow” loans).

D. Uses of Funds (Residential and Commercial)

For residential projects, fill out only the “USES – Residential” tab. Mixed-use projects, with both commercial and residential units, must allocate costs between the residential portion of the project and the commercial portion of the project. Annotate the spreadsheet to explain the rationale for the division of costs between residential and commercial.

Fill out the total estimated cost for each use of funds listed that is applicable to the project in column E “Total Budgeted Cost.”

Cost per square foot and cost per unit will automatically calculate based on the total square feet provided in “USES – Residential” Tab cell I7. Cost per unit will automatically calculate based on the total units provided in “INCOME” Tab cell B40.

For each line item in the budget, please select from the dropdown “Status” menu:

- “incurred”, if the expense has already been incurred,
- “contract” if the cost is based on a signed contract with a service provider,
- “quote” if the cost is based on a quote from a service provider, or
- “developer estimate” if the cost is based on the developer’s best estimate.

Construction or Rehabilitation Costs:

Net construction costs are construction costs that do not include a builder’s general requirements, builder’s profit, general overhead, bond premium, construction contingency or other fees. Also

indicate the builder's general requirements, builder's profit and overhead, as a percentage of net construction costs. Bond premiums include the actual premium paid for performance and payment bonds or the actual cost paid to a lending institution for letters of credit to assure construction completion. A construction contingency must be a minimum of 10% of the total construction contract is required to fund unforeseen construction work items. The sponsor may pledge the developer's fee to cover the contingency instead of including the construction contingency on this line.

Fees Related to Construction and Rehabilitation:

For the architect's design and supervision fees, show the applicable percentage of the total construction contract. Real Estate Attorney Legal fees directly related to closing the loans are tax credit basis eligible. Marketing costs are generally limited to 1% of total development costs and must be supported by a budget. For limits on the architect's design fee, architect's supervision fee and legal fees refer to Section X, page 36.

Financing Fees and Charges:

Construction interest is calculated on the funds disbursed during the construction loan period based on a projected monthly draw schedule. Annotate the spreadsheet to explain how "Construction Interest," "Real Estate Taxes" and "Insurance Premium" are calculated. Mortgage Insurance Premium is the premium charged for mortgage insurance during the construction loan period only. Title and recording costs are those estimated by the title attorney. A financing (soft cost) contingency may not exceed 1% of total development costs to cover unanticipated interest and financing costs.

Acquisition Costs:

If the site includes existing buildings, allocate the cost between land and buildings. Generally, there cannot have been any transfer of ownership within the past 10 years for buildings to be eligible for an acquisition tax credit. Briefly describe how any "Carrying Costs" are calculated. If the project involves relocation, briefly describe how the "Relocation" figure is calculated.

Total Development Costs:

This is the sum of total construction costs, total fees, total financing fees and charges, and total acquisition costs.

Developer's Fee:

These figures are automatically filled in at the maximum developer fee calculated at the bottom of the spreadsheet, unless a lower fee is requested here. All fees for processing agents and development consultants must be paid from this fee. The developer's fee may not exceed \$4 million, with no more than \$2 million paid out of the development budget and the rest deferred. The actual maximum developer fee for a project may be lower based on the calculations in the spreadsheet. The developer fee calculation and cap is described below.

The developer's fee is calculated as a percentage of total development costs. A fee of up to 15% is allowed on the first \$10 million of total development costs (less acquisition-related costs, construction, and soft cost contingencies) and up to 10% on total development costs (less acquisition-related costs and construction and soft cost contingencies) over \$10 million. A fee of up to 5% is allowed on the first \$10 million of acquisition-related costs and up to 2.5% on

acquisition-related costs over \$10 million. The total developer's fee may not exceed \$4 million, and no more than \$2 million may be paid out of the development budget. Any allowable amount above \$2 million, up to an additional \$2 million (if warranted by the formula calculation) must be deferred and paid out of net operating income.

Syndication Related Costs:

These are costs incurred when syndicating a project with historic tax credits or Low-Income Housing Tax Credits. Syndication related costs may not be paid with Department loan proceeds. Generally, these costs are not included in the project's tax credit basis.

Guarantees and Reserves:

Briefly describe how all budgeted reserves are calculated. Guarantees and reserves should include only funded amounts required by the Department, other lenders or syndication firms.

Total Uses of Funds:

This is the sum of total development costs, developer's fee, total syndication related costs, and total guarantees and reserves.

E. Phased Sources and Uses

This page will describe the sources of funding and the uses of funds at each stage of the project: Predevelopment, Acquisition/Construction, and Permanent Financing. Sources must equal uses for each phase of the development.

Uses:

Uses are cumulative across the phases of the development. For instance, expenses entered in the Predevelopment Uses phase will automatically carry forward into the Acquisition/Construction phase on the line labeled "Predevelopment Expenses Included Above."

Sources:

Since not all sources carry forward between phases, each source which is available at a given phase of the development must be entered into each Sources Phase where it is available. For instance, a predevelopment loan available during the predevelopment phase may be repaid at acquisition closing, in which case it would not be listed in "Acquisition/Construction" sources, or that same loan might be repaid with Permanent Financing, in which case it would need to be listed in the "Acquisition/Construction" sources.

For each source, use the drop down menu to list the status of the source:

- "Applied" if an application has been submitted but no letter response received,
- "Letter of Interest" if the funder has issued a letter of interest or letter of intent which is short of a commitment letter,
- "Commitment" if the source has issued a commitment letter, or
- "Received" if the funding has been received.

Include the interest rate and term for all loans.

F. Sources of Funds at Permanent Financing

Primary Debt Service Financing:

For all projects required that have primary debt service, indicate the type of funds, the name of the bond issuer or lender, the required debt coverage ratio (DCR), the total annual payment, the interest rate, the amortization period of the loan, the actual loan term, and the maximum supported loan amount. Also, show the annual payment associated with any bond insurance premium.

For each source of debt, use pull down menu to indicate “Payment Type:”

- “must pay,” if regular pre-defined payments are due monthly;
- “cash flow,” if payments are calculated based on project cash flow; or
- “deferred,” if payment is not required until the end of the term.

Subordinate Debt Service Financing:

For all loans that are subordinate to primary debt, show the type of funds, the name of the lender, the DCR (if appropriate), the percentage of cash flow that will be applied to payments due on the loan (for cash flow loans), the anticipated annual payment, the interest rate, the loan term, and the loan amount. For grants, show the type of funds, the name of the grantor if not DCD, the term of the grant (if applicable), and the amount of the grant.

Total Debt:

Add the total loan amounts for the cash flow loans and the total maximum mortgage amounts for the amortizing debt financing to determine the total debt.

Equity:

Indicate the source and amount of equity proceeds generated from the sale of low-income housing and/or historic tax credits. Also, identify the developer’s equity that is not from syndication proceeds.

Total Sources of Funds:

The total sources of funds are the sum of the total financing and the total equity and must equal the total uses of funds.

G. Pro Forma (Rental)

At the top of this page, enter the first full year of expected sustained occupancy. With that information, the pro forma will automatically populate with information from the Income and Permanent Sources tabs. Please check that income and expense are trending correctly, and that sources are accurately reflected.

Income:

The sheet will calculate trended income figures based on the number of years between filing this application and expected sustained occupancy. Each year after that, the annual income for the low-income, market rate and nonresidential units will be trended forward at 2% for income and 3% for expenses, as shown at the top of the worksheet. The vacancy allowance is the sum of the vacancy rate times the gross income for each type of income.

Expenses:

The sheet will calculate trended expenses based on the number of years between applications and expected sustained occupancy. The management fee, typically a percentage of collected rents, is to be trended based on rent and occupancy trends. Other expenses are automatically trended annually by multiplying the previous year's expenses by the trending rate and adding it to the previous year's expenses. The trended net operating income is calculated by subtracting the trended expenses from the trended effective gross income.

Primary Debt Service Financing:

Annual debt service payments are entered for each year from the Permanent Sources page. The debt coverage ratio is calculated by dividing the net operating income by the total debt service payments.

Subordinate Debt Service Financing:

Annual cash flow payments are calculated for each year by multiplying the cash flow by the Percentage of Cash Flow for Payment shown in the cash flow financing table in the Project Summary Information worksheet. The remaining cash flow is calculated by deducting debt service and cash flow payments from the trended net operating income. The debt coverage ratio is calculated by dividing the net operating income by the sum of the total debt service payments and the total cash flow debt payments.

H. Summary

This page will automatically populate with information from other tabs. Check that the values are correct. If not, the information should be corrected on the tab from which the formula draws.

Project Income:

Total units, annual income, and vacancy rates for the low-income units, market rate units and nonresidential sources will automatically populate from the Project Income worksheet. Annual Trending will be 2% for income and 3% for expenses.

The spreadsheet will automatically calculate the trended income (at the time of sustaining occupancy) by multiplying the annual income by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual income.

Project Expenses and Cash Flow:

The annual expense for each project expense category will automatically populate from the Project Expenses worksheet. Where requested, indicate the number of years until sustaining occupancy and the annual trending rate. The management fee is not trended but is typically a percentage of effective gross income. The other expenses are trended by multiplying the annual expense by the sum of the years until sustaining occupancy and annual trending rate and adding this result to the annual expenses.

Sources and Uses of Funds:

This page will automatically populate with information from other tabs.

I. Compliance

A final tab will have the financing scope of project and display general HUD compliance requirements.