

Affordability Assistance Program Policies and Procedures Manual

In Accordance with the Uniform Housing Affordability Controls
and the New Jersey Fair Housing Act



Borough of
Tinton Falls
New Jersey

556 Tinton Avenue
Tinton Falls, NJ 07724

Originally Adopted January 5, 2021

Amended September 1, 2023

Original Manual Prepared by:

CME Associates
1460 Route 9 South
Howell, NJ 07731

Amended Manual Prepared by:

BFJ Planning
115 Fifth Avenue
New York, NY 10003

Table of Contents

Introduction	1
Administration	1
Applicant Eligibility	2
First Time Home Buyer Program Procedures.....	3
Eligible Participants	3
Loan Amount and Period	3
Loan Terms & Repayment Agreement.....	3
Insurance Requirements	4
Affordability Controls	4
Security Deposit Assistance Program Procedures	5
Eligible Participants	5
Loan Amount and Period	5
Loan Terms & Repayment Agreement.....	5
Housing Association Fee Assistance Program Procedures	6
Eligible Participants	6
Grant Amount and Period	6
Affordability Controls	6
Income Eligibility and Certification Procedure	7
Qualified Income Sources.....	7
Unqualified Income Sources.....	7
Income Verification	8
Verifying Student Income and Income from Real Estate	9
Other Eligibility Requirements	9
Eligibility Certification.....	9
Property Eligibility	9
Unit Type.....	9
Property Condition.....	10
Appendix A – Adopting Resolution	11

Introduction

The purpose of this manual is to describe the policies and procedures of the Affordability Assistance Program for the Borough of Tinton Falls. This manual will explain what is needed to qualify for the program in addition to outlining the operation of the program.

The Affordability Assistance Program is designed to help very low-, low- and moderate-income households residing within existing affordable housing units located within the Borough of Tinton Falls to acquire funding to secure or maintain income restricted affordable housing within the Borough of Tinton Falls, by providing one-time assistance to promote housing affordability. Housing units must have and maintain affordability controls such as a restrictive covenant or deed restriction for affordability in accordance with the requirements of the Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.1 et seq.) and other applicable affordable housing regulations in order to be considered eligible to participate in the Affordability Assistance Program. This housing may be in the form of either owner-occupied dwelling units or rental dwelling units, depending on the Program component, as applicable.

This program provides the following options for affordability assistance:

- Security deposit assistance – Funding equal to the required security deposit for a rental dwelling unit may be available to be paid directly to the landlord on behalf of a very low, low, or moderate income tenant. This is a loan to the landlord of the unit to be rented. At the end of the duration of a lease, the security deposit shall be returned to the Township rather than the tenant.
- First Time Home Buyer - Down payment / Closing cost assistance – Funding of up to \$10,000.00 per applicant may be applied to offset the up-front costs of purchasing a home or condominium unit in Tinton Falls for qualified first time home buyers. These funds would be a no-interest loan to the prospective buyer, and if the buyer remains in the home for a period of at least 5 years, the loan will be forgivable.
- Housing association fee assistance – One-time funding of up to \$500.00 may be available in the form of a grant, paid to the housing association for any homeowner's association dues or related fees. On an emergency case by case basis, the funding may be increased up to a maximum of \$1,200.00. This Program provides a one-time payment and no repayment is necessary.

All dwellings purchased with the funds from the Affordability Assistance Program shall be subject to a thirty (30) year deed restriction to remain affordable to very low-, low- and moderate-income households.

Administration

The Borough's appointed Affordable Housing Administrative Agent will be responsible for administering the Affordability Assistance Program.

All funds provided for the Affordability Assistance Program shall be distributed from the Borough's Affordable Housing Trust Fund, in accordance with the Borough's adopted Affordable Housing Trust Fund Spending Plan.

Questions about the Program should be directed to the Administrative Agent.

Applicant Eligibility

Applications submitted for the Program will be provided and reviewed on a first-come-first-served basis according to the following criteria. All of the following criteria must be met in order for an applicant to be deemed eligible for this Program. Eligibility does not guarantee that any funding will be provided to applicants from this Program.

1. There are affordability assistance funds remaining in the budget for the year.
2. The applicant has not received affordability assistance from this program in the past year.
3. The applicant must qualify as a very low-, low-, or moderate-income household in accordance with the most current regional income limits established by the Affordable Housing Professionals of New Jersey (AHPNJ), or the applicable State of New Jersey regulatory agency should the State resume promulgation of regional income limits.
4. For the First Time Homebuyer Program, the applicant must be a first-time homebuyer (meaning not having owned a home in the last three (3) years);
5. For the First Time Homebuyer Program, the applicant must be in the process of purchasing a deed-restricted affordable dwelling in the Borough of Tinton Falls.
6. For the First Time Homebuyer Program, the applicant must remain the owner of the property after purchase and occupy the property as their primary residence;
7. For the Security Deposit Assistance Program, the applicant must lease a dwelling unit within the Borough of Tinton Falls that they will maintain as their primary residence.
8. For the Housing Fee Assistance Program, the applicant must be the owner of a deed restricted affordable home within the Borough of Tinton Falls, and be currently occupying the home as their primary residence.

First Time Home Buyer Program Procedures

1. An application for funding through the Affordability Assistance - First Time Homebuyer Program shall be filed with the Borough's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. If an applicant is certified and approved, the Administrative Agent shall notify the Borough's financial department of the intent to award the loan, and confirm the availability of funds.
4. The Administrative Agent shall prepare a draft resolution authorizing the award of the loan, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
5. The Township shall release the funds from the Affordable Housing Trust Fund to the escrow account following the approval of the resolution.
6. A Repayment Agreement, Mortgage Note, and Mortgage shall be executed at closing, and recorded by the title company.
7. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Eligible Participants

Eligible participants must be under contract to purchase a home in Tinton Falls, or may be income qualified by the program Administrative Agent, and then enter a contract to purchase an affordable home in Tinton Falls. This means that the applicant must have signed a contract with the seller, applied to the Program, and have been income qualified as a low- or moderate-income household.

All applicants shall not be the current owners of a home or condominium unit, nor shall they have owned any real property within the past three (3) years of the time of application.

Loan Amount and Period

The maximum amount of assistance that may be provided per applicant is \$10,000. The loan period shall be five (5) years.

Loan Terms & Repayment Agreement

All funds are distributed at closing. The funds are sent via bank wire to either the participant's attorney or closing agent trust account. The attorney or trust account must have a business registration certificate and W-9 Tax Identification Form. The Borough must be given notice of the closing five (5) business days ahead of the closing date.

Loans for applicants to the Program shall be secured through a mortgage and mortgage note in favor of the Borough and executed by the property owner when required. The mortgage and

mortgage note, as well as a deed restriction, will be executed at closing. The terms of the mortgage are in the mortgage note, which is not recorded. The original mortgage note shall be retained by the Program Administrator and kept in the unit file. The administrative agent shall send the mortgage and deed restriction requiring recording to the Borough. Upon receipt, the Borough will file said documents with the Monmouth County Clerk's office upon the completion of the closing of title.

All loans are deferred payment loans and are due in full at zero percent (0%) interest upon sale, or change in title, if said sale or change in title occurs within five (5) years of the date of closing. All repayment of loans shall be made to the Borough's Affordable Housing Trust Fund. If the applicant remains the owner and occupant of the dwelling at the end of the duration of the five (5) year mortgage period, the full amount of the loan shall be forgiven.

Insurance Requirements

The Borough of Tinton Falls and Borough of Tinton Falls First-Time Homebuyer Program shall be listed as additional insureds, loss payees, or additional mortgagees for the entire 5-year period of the lien.

The applicant must provide proof of homeowner's insurance and proof that the insurance has been paid. The homeowner's insurance must list the Borough of Tinton Falls and the Borough of Tinton Falls First-Time Homebuyer Program as additional insureds, loss payees, or additional mortgagees.

All prospective applicants must have Title Insurance naming the Borough of Tinton Falls and Borough of Tinton Falls First-Time Homebuyer Program as additional insureds, loss payees, or additional mortgagees.

If the home is associated with a Condominium Association or a substantially similar entity, the Borough of Tinton Falls and the Borough of Tinton Falls First-Time Homebuyer Program shall be listed as additional insureds, loss payees, or additional mortgagees on the blanket insurance policy for the Association's property.

In the event that the property is located in a Flood Zone, flood insurance will be required listing the Borough of Tinton Falls and Borough of Tinton Falls First-Time Homebuyer Program as additional insureds, loss payees, or additional mortgagees.

Affordability Controls

All homes purchased by qualified low- or moderate-income households with assistance from the Borough's First Time Homebuyer Program shall include a deed restriction which provides affordability controls so that the unit must remain affordable to a low or moderate income household for a period of at least thirty (30) years, in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq.

Security Deposit Assistance Program Procedures

1. An application for funding through the Affordability Assistance - Security Deposit Assistance Program shall be filed with the Borough's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. In the event that there are more income-qualified applicants than there are funds available, preference shall be given to very-low income households.
4. If an applicant is certified and approved, the Administrative Agent shall notify the Borough's financial department of the intent to award the loan, and confirm the availability of funds.
5. The Administrative Agent shall prepare a draft resolution authorizing the award of the loan, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
6. The Borough shall release the funds from the Affordable Housing Trust Fund to the participating landlord following the approval of the resolution.
7. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Eligible Participants

All participants must be very low, low, or moderate income households, entering into a lease agreement to rent a deed restricted affordable dwelling unit in the Borough of Tinton Falls. Applicants must not have received any assistance from any of the Borough's Affordability Assistance Program within the past 12 months of the time of application.

Loan Amount and Period

The maximum amount of assistance that may be provided per applicant shall be equal to one and one-half month's contract rent, or \$2,500.00, whichever is lesser. The loan period shall be the duration of the applicant's occupancy of the dwelling unit.

Loan Terms & Repayment Agreement

All funds distributed for a security deposit shall be deposited by the landlord in an escrow account in accordance with applicable state laws. Upon the end of the applicant's tenancy in the dwelling unit, the landlord shall repay the security deposit to the Township of East Greenwich's Affordable Housing Trust Fund.

In the event that monies are deducted from the security deposit due to damages to the dwelling unit, the tenant shall be responsible for repaying any monies deducted from the security deposit to the Township's Affordable Housing Trust Fund.

Housing Association Fee Assistance Program Procedures

1. An application for funding through the Affordability Assistance - Housing Association Fee Assistance Program shall be filed with the Borough's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. If an applicant is certified and approved, the Administrative Agent shall notify the Borough's financial department of the intent to award the grant, and confirm the availability of funds.
4. The Administrative Agent shall prepare a draft resolution authorizing the award of the grant, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
5. The Borough shall release the funds from the Affordable Housing Trust Fund, payable to the applicable housing association, following the approval of the resolution.
6. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Eligible Participants

Applicants for this program must be the current owners and occupants of a deed restricted affordable dwelling unit in the Borough of Tinton Falls. Applicants must not have been awarded any other funds from the Affordability Assistance programs within the past 12 months of the time of application. Applicants must demonstrate that the grant amount requested, combined with other financial resources provided by the applicant and/or other grant or funding programs from entities other than the Borough of Tinton Falls, will enable the applicant to pay all outstanding housing association fees and regain a position of financial stability for the foreseeable future. The applicant shall provide a financial summary demonstrating compliance with the criteria outlined above. No financial assistance from the Housing Association Fee Assistance Program shall be provided unless the applicant fully satisfies the requirements outlined herein.

Grant Amount and Period

The maximum amount of assistance that may be provided per applicant is \$500.00. The Borough may elect to authorize additional funding, up to a maximum of \$1,200.00 on an emergency basis. Such emergency authorizations shall be determined on a case-by-case basis, subject to available funding and a determination of need. The funds shall be in the form of a one-time grant payment. No repayment of funds by the applicant shall be required.

Affordability Controls

All applications for Housing Association Fee Assistance shall be for fees required of a deed restricted affordable unit which provides affordability controls indicating that the unit must remain

affordable to a low- or moderate-income household for a period of at least thirty (30) years, in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq.

Income Eligibility and Certification Procedure

In order to be eligible for assistance, applicants must be determined to be income eligible. All adult members 18 years of age and older must be fully certified as income-eligible before they can receive any assistance from the Program. The Program will income qualify applicants in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq., except for the asset test.

The following is a list of various types of wages, payments, rebates, and credits. Those that are considered as part of the household's income are listed under "Income."

Qualified Income Sources

The following are considered income and will be included in the determination of the applicant's income eligibility:

- Wages, salaries, tips, commissions
- Regularly scheduled overtime
- Social Security
- Unemployment Compensation (verify # of weeks that are eligible to be received)
- Pensions
- Disability
- Alimony
- Verified regular child support (received)
- Any other forms of regular income reported to the Internal Revenue Service
- Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
- Imputed interest (using a current average annual rate of 2%) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payment, real estate taxes, property owner's insurance.
- TANF (Temporary Assistance for Needy Families)
- Net income from business or real estate
- Rent from real estate is considered income

Unqualified Income Sources

The following are not considered income and will not be included in the determination of the applicant's income eligibility:

- Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income
- Food stamps
- Part-time income of dependents enrolled as full-time students
- Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements

Borough of Tinton Falls – Affordability Assistance Program

- Rebates or credits received under low-income energy assistance programs
- Income of live-in attendants
- Student loans
- Payments received for foster care
- Relocation assistance benefits
- Scholarships
- Personal property such as automobiles

Income Verification

To calculate income, the current gross income of the applicant is used to project income over the next 12 months. Income verification documentation should include, but is not limited to, the following for each and every member of a household who is 18 years of age or older:

- Four current consecutive pay stubs, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure, or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
- A signed copy of regular IRS Form 1040 (Tax computation form), 1040A, or 1040EZ (as applicable) and state income tax returns filed for the last three years prior to the date of interview or notarized tax waiver letter for respective tax year(s).
- A form 1040 Tax Summary for the past three tax years can be requested from the local IRS Center or by calling 800-829-1040
- If applicable, a letter or appropriate reporting form verifying monthly benefits such as:
 - Social Security or SSI – current awards letter or computer printout letter
 - Unemployment – verification of unemployment benefits
 - Welfare – TANF current award letter
 - Disability – Worker’s compensation letter, or
 - Pension income (monthly or annually) – a pension letter
 - A letter or appropriate reporting to verify any other sources of income claimed by the applicant such as alimony or child support – copy of court order or recent original letter from the court (includes separation agreement or divorce papers) or education scholarship/stipends – current award letter.
- Reports from the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing savings and checking accounts (bank statements and passbooks), trust funds, money market accounts, certificate of deposit, stocks or bonds (in brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates)
Examples: copies of all interest and dividend statements for savings accounts, interest and non-interest bearing checking accounts, and investments.
- Evidence or reports of income from directly held assets, such as real estate or businesses owned by any household member 18 years and older.
- Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.

- Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating current mortgage balance. For rental property attach copies of all leases.

Verifying Student Income and Income from Real Estate

1. *Student Income* – Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour work week.

2. *Income from Real Estate* – If real estate owned by an applicant to the Program is a rental property, the rent is considered income. After deduction of any mortgage interest, real estate taxes, property owner insurance, and reasonable property management expenses as reported to the IRS, the remaining amount shall be counted as income.

Other Eligibility Requirements

Applicants must also submit the following in the application package as applicable:

- Recorded deed to the property to be assisted;
- If you are a widow or widower, copy of Death Certificate should be included;
- Signed release form to verify eligibility determination from third party sources;
- Copy of any and all other liens recorded against property; and
- Personal identification (a copy of any of the following: Driver's license, Passport, Birth Certificate, Social Security Card, Adoption Papers, Alien Registration card, etc.) for each household member.

Eligibility Certification

After the Administrative Agent determines that the household is income eligible and meets all other eligible requirements, the Administrative Agent will complete and sign the eligibility certification. This certification shall be valid for twelve (12) months starting from the date of eligibility certification.

Property Eligibility

Unit Type

Any property that will serve as the prospective homebuyer's or renter's primary residence and is located within the Borough of Tinton Falls is an eligible property type, including:

- A single-family property (one-unit)
- A two- to four-unit property
 - If affordable housing trust funds are used to assist a purchaser to acquire one unit in a two- to four-unit property, and that unit will be the principal residence of the

purchaser, the long-term affordability requirements apply to the assisted ownership unit only.

- If affordable housing trust funds are used to help a purchaser acquire one or more rental units along with the homeownership unit, then rental affordability requirements shall apply to the rental units.
- Accessory dwelling units, such as attached or detached accessory apartment units and other types of accessory dwelling units permitted by law, whether accessory to a residential or non-residential use, that maintain the required affordability controls and have been lawfully established constitute an eligible property type.
- A condominium unit
- A cooperative unit or a unit in a mutual housing project (if recognized as homeownership by state law)
- A manufactured house
 - At the time of completion, the manufactured housing must be connected to permanent utility hook-ups.
 - The manufactured housing unit must be located on land that is owned by the manufactured housing unit owner, or on land for which the manufactured housing unit owner has a lease.

Property Condition

For the first time homebuyer program, major systems (i.e. roof, furnace, electricity, plumbing, etc.) must have at least a 5 year life expectancy at the time of purchase. Every home that is not new construction will be inspected as follows before a first-time homebuyer grant can be approved:

- All homes will be inspected to ensure that it meets all local codes and standards. If the inspection fails for any reason, those areas must be repaired according to the guidelines of the United States Department of Housing and Urban Development (HUD).
- All homes built before January 1, 1978 must be inspected for lead-based paint. A visual assessment for lead-based paint will be conducted. If any indication of lead-based paint is noted, the house will fail inspection and the lead-based paint must be remediated according to HUD guidelines.
- New homes must comply with the standards in the current edition of the Model Energy Code (published by the Council of American Building Officials) of the International Building Code, as adopted by the New Jersey Uniform Construction Code.

All repairs must be completed prior to closing.

For the security deposit assistance program or the housing association fee assistance program, no such property inspection shall be required.

Appendix A – Adopting Resolution