



**The Low Income Housing Tax Credit
Program – An Important Resource for
the Creation of Green Affordable
Housing In New Jersey**

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Overview of Tax Credit Program



- Created under the Tax Reform Act of 1986
- Largest Federal production program for both new construction and rehabilitation of affordable housing
- Administered by the U. S. Dept of Treasury/ Internal Revenue Service and allocated by State Housing Finance Agencies
- Governed by Section 42 of the Internal Revenue Code
- Housing targeted toward low to moderate income/working families (up to 60% or 80% AMI)



*Valley Brook Village (Supportive Housing for Veterans)
Basking Ridge, Somerset County*

The Allocation Process



\$9.9 Billion
Annually

**Federal:
IRS**

Annual allocations – “use it or lose it”

**State:
HFAs**

**\$2.756 per person, with
minimum & maximums.**

**Developers of
Rental Housing**

Allocation Plan = QAP

**Allocations are once
or twice a year.**

- **9%**
- Generally New Construction
- 9% of a project's qualified basis (cost of construction)
- 9% rate is locked now (historically around 7.5%)
- 70% of construction costs
- Extremely Competitive (3:1 demand to supply)
- Point/Ranking program with hard deadlines.

Types of Credits

- **4% (volume cap)**
- Generally Rehab
- Financed w/tax-exempt bonds.
- 4% of a project's qualified basis (cost of construction)
- Actual historic range = 3.14-3.97%
- 30% of qualified basis
- Rolling applications



NJHMFA's Qualified Allocation Plan (QAP)



- QAP Must Set Forth Allocation Priorities
- Adopted as Regulation at N.J.A.C. 5:80-33 et seq
- Reviewed bi-annually to ensure the program remains reflective of the State's needs/priorities
- Current Total Dev Cost Caps: \$275K low rise, \$300K mid-rise, \$325 high rise

Njhousing.gov

Section 14: Green Requirements

- **2019 QAP Fair Housing initiatives:**
 - 60% of credits to suburban areas
 - Prohibits high concentration of tax credit units

**Anne Hamlin, Director of
Tax Credits, NJHMFA**

Table ES2. State scores in the 2019 *State Scorecard*

Rank	State	Utility & public benefits programs & policies (20 pts.)	Transportation policies (10 pts.)	Building energy efficiency policies (8 pts.)	Combined heat & power (3 pts.)	State government initiatives (6 pts.)	Appliance efficiency standards (3 pts.)	TOTAL SCORE (50 pts.)	Change in rank from 2018	Change in score from 2018
1	Massachusetts	20	8.5	7	3	6	0	44.5	0	0.5
2	California	15.5	8.5	7.5	3	6	3	43.5	0	0
3	Rhode Island	20	6	5.5	3	6	0	40.5	0	-0.5
3	Vermont	18	6.5	6	2	6	2	40.5	1	0
5	New York	14	8.5	6.5	2.5	5.5	0	37	1	1.5
6	Connecticut	12.5	7.5	7	2.5	6	1	36.5	-1	-1.5
7	Maryland	12.5	7.5	6	3	5.5	0	34.5	3	4.5
8	Minnesota	14.5	5.5	6	1.5	5	0	32.5	0	0.5
9	Oregon	10.5	7.5	6.5	1.5	5	1	32	-2	-3
10	Washington	9	7	6.5	2	5	2	31.5	-1	0
11	District of Columbia	9.5	9	6	1	3.5	0	29	1	1.5
11	Illinois	11.5	5	6	2.5	4	0	29	1	1.5
13	Michigan	14	3.5	6	1	4	0	28.5	-2	0
14	Colorado	9.5	4.5	5.5	0.5	5	2	27	0	1.5
15	Maine	10.5	5.5	2.5	2.5	5	0	26	-1	0.5
16	Hawaii	11	4	5.5	1	2.5	1.5	25.5	0	2.5
17	New Jersey	6.5	6	6	3	2.5	0	24	1	2.5
18	Pennsylvania	4.5	5.5	7	2	4.5	0	23.5	0	2
19	Arizona	9.5	4	4	1.5	2.5	0	21.5	-2	-0.5
20	New Hampshire	9.5	3	3.5	0.5	4.5	0	21	1	1.5



Section 14 of the 2019 Qualified Allocation Plan

Effective as of June 3rd, 2019

*Follow the EPA Energy Star
Multifamily New
Construction Program
Decision Tree, V2.0*

**Required, all new construction &
gut rehabs:**

**Certify to Energy Star Version 3.1
or Energy Star's Multifamily High
Rise (MFHR)***

* Now the ENERGY STAR Multifamily New Construction program, Version 1.1 for NJ, in effect 1/1/19

*Hire an **Energy** Consultant early!*

Moderate Rehabs

Pay For Performance

Buildings with >100kW Peak Demand,
4 Stories or more, one master-metered utility

Reduce Energy Use by 15% or more



Home Performance with Energy Star

Low-rise Buildings Individually metered, Home
Energy Audit

Building Performance Institute (BPI) certified
contractor



ASHRAE Level 2 Energy Audit w/targeted 15% Energy Savings

Property Needs Assessment, energy upgrades

Verification and photographic evidence

Required for both 4 & 9% Tax Credits:

Energy Benchmarking

3 years post occupancy for new construction or 1 year prior & 2 yrs post occupancy for rehab.

- Sign benchmarking releases
- Collect tenant releases w/utility account #s
- Input into Portfolio Manager or hire independent contractor

How to Set up a Property in Portfolio Manager



- EPA Portfolio Manager
- Energy Scorecard
- NJHMFA Energy Benchmarking Technical Manual

9% Tax Credit Green Point options - 4 points

Prove Participation in one of the following:



**ICC/ASHRAE 700 2015
Silver (125 pts or higher)**



NJ Office of Clean Energy



**LEED
Version 4.0
50-59 points**



**LIVING
BUILDING
CHALLENGE**

9% Tax
Credit Green
Option
3 points:

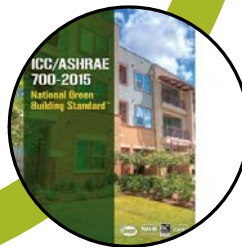


2015 Enterprise
Green
Communities
Certified Level*

*Mandatory plus
optional points



LEED Version 4.0
Certified (40 to 49
pts)



ICC/ASHRAE 700
2015 National
Green Building
Standard Bronze
(88 pts)



- Free green certification program
- Specifically for Affordable Housing projects
- Fully online tool
- Many useful online resources and recommendations
- Team Approach
- Encourages early collaboration with all stakeholders – Design Charrette
- For Certification:
 - New Construction: Mandatory points plus 35 optional pts.
 - Rehab: Mandatory points plus 30 optional pts.
- Integrative Approach
- Works in conjunction with other building programs



PROJECT HIGHLIGHTS **NORTH**

999 BROAD ST,
PHASE II, NEWARK
ESSEX COUNTY



CENTRAL

**CEDAR
MEADOWS
(GREENS AT
AVENEL)**

**WOODBIDGE TWP.
MIDDLESEX
COUNTY**



SOUTH

**VICTORIAN
TOWERS**

**CAPE MAY,
CAPE MAY
COUNTY**

11.01

BUILDING ENCLOSURE=
0.05 CFM50/sq. ft.

UNIT COMPARTMENTALIZATION=
0.30 CFM50/sq. ft.







POINT SYSTEM AND SET-ASIDES

- | | | |
|--|-------------------------------|---|
| <p>A. Point Worksheets (see Part III)</p> <p>1. Family Cycle _____</p> <p>2. Senior Cycle _____</p> <p>3. Supportive Housing Cycle _____</p> <p>4. Final Cycle _____</p> | <p>(check only one)</p> | |
| <p>B. Set-Aside Documentation</p> <p>1. Mixed Income Set-Aside _____</p> <p>2. Preservation Set-Aside _____</p> | <p>(check all that apply)</p> | <p>11. Community Policing/Public Safety Enhancements __2__</p> <p>12. Site Selection __up to 6__</p> <p>13. Project Location __up to 8__ or -3__</p> <p>14. Green Building and Energy Benchmarking __3-4__</p> <p>15. Successful Development Experience __2-3__</p> <p>16. Age Friendly Senior Housing __up to 9__</p> <p>17. Qualified Nonprofit Sponsor __1-2__</p> <p>18. Negative Point Categories __-3 to -15__</p> |
| <p>C. Point System Documentation</p> <p>1a. Increase in Compliance Period __20__</p> <p>1b. Targeted Urban Municipality __15__</p> <p>1c. Conversion to Home Ownership __10__</p> <p>2. Affordability __8__</p> <p>3. Public Housing Waiting Lists __2__</p> <p>4. Municipal Support __5__</p> <p>5. Social Services __up to 6__</p> <p>6. Certified M/WBE Business Enterprises __5__</p> <p>7. Ready to Grow __2__</p> <p>8. Within ½ mile of public transportation __2__</p> <p>9. Unit Amenities __up to 6__</p> <p>10. Project Amenities __up to 4__</p> | <p>(check all that apply)</p> | <p>19. Low density bldgs., large family units - 5</p> <p>20. 15-year Fixed tax rebate – 3-5</p> <p>21. Net pricing and net capital ranges __3</p> <p>22. Rent to homeless families __3</p> <p>23. Rent to Special Needs __2</p> <p>24. Redevelopment Project/Historic or Adaptive Reuse __1</p> <p>25. Syndicator/Investor Commitment __3__</p> <p>26. Bonus Points __1__</p> |

Trending in 2019: Healthy Housing

Senior Cycle:

3 pts: Services for Independent Living

2 pts: On-site healthcare provider

2pts: On-site wellness clinic

1 pt.: Accessible outdoor spaces/gardens

1 pt.: Exercise Room

Supportive Housing Cycle:

2 pts: Healthy Lifestyles education & programming.

2 pts: Community mental health center/counseling center w/in ½ mile

1 pt.: Outdoor public recreation facilities such as parks and swimming pools w/in ½ mile.



On the Horizon: Community Solar

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**Thank You!
Questions?**

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