

**Hardyston Township
Affordable Housing**



**Market to Affordable Program
Moderate-Income, For-Sale Units
Guide**

Program Details -

Hardyston Township received Substantive Certification of their Housing Element and Fair Share Plan in 2009 from the New Jersey Council on Affordable Housing (COAH). The Township's Fair Share Plan addresses their affordable housing or "Mount Laurel" obligation through various means including; the new construction of affordable units within various market rate residential developments, supportive housing for individuals with disabilities, and a market to affordable program. The Market Affordable Program utilizes affordable housing trust fund monies collected from developers to buy market rate units within the Township, write down the cost to make the units affordable to low or moderate income households, and then resell the units to a qualified purchaser. The initial sale price shall be calculated so that the monthly carrying costs of the unit, including principal and interest (based on a mortgage loan equal to 95 percent of the purchase price and the Federal Reserve H15 rate of interest), taxes, homeowner and private mortgage insurance and condominium or homeowner association fees do not exceed 28 percent of an eligible household's income. The units will be sold with 30 year deed restrictions which limit the resale price of the units for the duration of the deed restriction. The units will be affirmatively marketed pursuant to COAH's rules. All qualified households are encouraged to apply, but preference will be given to households living or working in COAH Region 1 (Bergen, Hudson, Passaic, and Sussex Counties). Qualified applicants will be selected to purchase units through a lottery system.

Household Qualifications -

All households must meet the following criteria:

- a. Be a US Citizen or permanent resident alien
- b. Be at least 18 years old
- c. The purchaser must use the affordable unit as his or her primary residence
- d. Have sufficient income to finance the purchase
- e. Verify Household size and composition, including gender
- f. Meet the income and documentation requirements -Applicants must also be able to provide the three most recent federal tax returns, and four of their most recent, consecutive, pay stubs to determine eligibility. Proof of any other income must also be submitted (i.e., proof of pension, social security, interest income, bank statements, child support)
- g. To qualify to buy an affordable unit, applicants must have good credit and be able to obtain a mortgage if financing is necessary.
- h. Applicants must also have a down payment to purchase a unit. A typical down payment is 5%.
- i. Applicants must also have closing costs. Some of these costs may include sales/broker's commission, items payable in connection with the applicant's loan, items required by lender to be paid in advance,

reserves deposited with lender, title charges, government recording charges, and any additional settlement charges.

2020 Income Guidelines for COAH Region 1 (Bergen, Hudson, Passaic, & Sussex County)
Adopted by the New Jersey Council on Affordable Housing

Number of persons in household	Maximum Annual Income Very Low-Income Units	Maximum Annual Income Low – Income Units	Maximum Annual Income Moderate – Income Units
1	\$20,150	\$33,583	\$53,733
2	\$23,028	\$38,381	\$61,409
3	\$25,907	\$43,178	\$76,761
4	\$28,786	\$47,976	\$82,902
5	\$29,937	\$51,814	\$82,902
6	\$33,191	\$55,652	\$89,403
7	\$35,694	\$59,490	\$95,184
8	\$37,997	\$63,328	\$101,325

Additional information related to household certification is available in the Hardyston Township Operating Manual for the Administration of Affordable For-Sale and Rental Units.

Selection Process -

1. Available units will be affirmatively marketed to solicit income qualified buyers and establish an applicant pool.
2. Income qualified households must submit a preliminary application providing basic information on annual household income, household size and composition, and housing needs.
3. Preliminary applications are reviewed on an on-going basis until the application window closes. Preliminary qualified applicants will be notified in writing of their eligibility or ineligibility to be placed in the lottery.
4. After submitting an application and receiving notice of eligibility, applicants are encouraged to attend first-time homebuyer counseling courses through a HUD approved housing counseling agency. Approved agencies in your area can be found by visiting www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=NJ .
5. At the close of the applicant window, all eligible households will be entered into the lottery. A lottery will be held for each unit type, and applicants can be placed in the lottery for which type or types of units they wish to be considered for. The Township will hold a public lottery on a specified day and time, and all applicants will have the opportunity to be present. An applicant pool is created by listing applicants in the order selected.
6. After being selected in the lottery, applicants will complete the certification process. During the certification process applicants must provide all necessary documentation including but not limited to 3 years of tax returns, 4 consecutive pay stubs, and certification of all other income sources.

7. As a result of the certification process, applicants are reviewed for income-eligibility. Ineligible households are informed that they are being removed from the applicant pool or given the opportunity to correct and/or update income and household information.
8. During the certification process, applicants are encouraged to obtain a mortgage commitment for the purchase price of their desired unit in order to expedite the process if they are chosen in the lottery.
9. Eligible households are then matched to available units based upon the number of bedrooms needed (and any other special requirements, such as regional preference or the need for an accessible unit). If fewer certified applications are received than the number of available units, then all eligible households will be placed in a unit.
10. Eligible households must provide evidence of a mortgage commitment, down payment, and closing costs and proceed with the purchasing process.

Possible Lenders for Deed-Restricted Affordable Units

When purchasing an affordable unit (State of NJ Low & Moderate Income Program-COAH) there are restrictive covenants that must be recorded in deed and mortgage. While there is no cost to these recorded documents they are in a lien position to ensure the units cannot be sold (title transferred) to a household not approved in the program. It also means in the case of foreclosure these recorded documents and regulations survive and the lender cannot just obtain the unit in foreclosure and then sell it for market value. Therefore, these affordable units usually require a lender with a portfolio or special loan product.