

# Affordability Assistance Program Policies and Procedures Manual

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



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## Introduction

The purpose of this manual is to describe the policies and procedures of the Affordability Assistance Program for the City of Hoboken. 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 low and moderate-income households reduce the costs associated with living in deed restricted affordable housing units.

The total Affordability Assistance Program allocation in the City of Hoboken’s adopted Spending Plan is \$1,335,670.70.

This program provides the following options for affordability assistance:

- **Two Month’s Rent Assistance** – Funding equal to the two month’s rent for a rental dwelling unit is available to be paid directly to the landlord on behalf of a very low-, or moderate-income tenant. This is a grant to the landlord of the unit to be rented. (Program budget: \$400,000)
- **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 deed-restricted home or condominium unit in Hoboken for qualified first-time home buyers. Funds are provided as a no-interest forgivable loan for a period of 10 years. (Program budget: \$200,000)
- **Condo/Homeowners’ Association One Month’s Fee Assistance** – The City of Hoboken is offering a grant subsidy for one month of condo/homeowners’ association fees for purchasers of for-sale affordable housing units. Due to the delay in timing between when an application may be approved and when the fee for a unit may be due, the homeowner may need to pay for the first month’s fee, with subsequent month’s payment being subsidized. (Program budget: \$200,000)
- **Condo/Homeowners’ Association Special Assessment Fee Assistance** – The City of Hoboken is providing assistance to income-eligible homeowners who are part of a condominium/homeowners’ association that have had a special assessment fee applied to their association charges. Homeowners must be income-qualified to receive an award. (Program budget: \$90,447.13)
- **Create Additional Very Low Income Units** – Affordability assistance may be utilized to create additional very low income units by converting a moderate or low income unit into a very low income unit in new developments. The affordability assistance will result in additional very low income units beyond what is required by state affordable housing rules. Hoboken may negotiate with developers of inclusionary developments to determine the appropriate amount of subsidy required to make the unit affordable to a very low-income household. This subsidy amount may be determined by the method outlined in N.J.A.C. 5:97-8.8 (2) but it is not required. (Program budget: \$445,223.57)

## **Administration**

The City'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 City's Affordable Housing Trust Fund, in accordance with the City's adopted Affordable Housing Trust Fund Spending Plan. Questions about the Program should be directed to the Administrative Agent. Applicants can find a link to a Program application form at <https://hobokennj.gov/resources/affordable-housing>.

## **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 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 in the past in the applicable category. For example, an applicant may receive One Month's Rent and Moving expenses assistance, but an applicant cannot receive One Month's Rent assistance twice. The only exception to this requirement is Condo/Homeowners' Association Special Assessment Fee Assistance.
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. Tenants at single room occupancy facilities are eligible provided they meet the above criteria.
4. Applicants must be current on their water bills, sewer bills, and property taxes and have no liens on their property excluding a first mortgage.

## **Two Months’ Rent Program Procedures**

1. Renters qualified by Hoboken’s Administrative Agent are automatically approved for assistance. For renters **not qualified** by the Administrative Agent:
  - a. An application for funding shall be filed with the City's Affordable Housing Administrative Agent. The application shall include a copy of the lease agreement identifying the amount of rent and a copy of the income certification that must be no older than six (6) months.
  - b. The Administrative Agent shall request a copy of deed restriction or funding agreement for property identifying it as affordable housing.
  - c. The Administrative Agent shall review and process the application.
  - d. If there are more income-qualified applicants than there are funds available, preference shall be given to very low-income households.
  - e. If an applicant is certified and approved, the Administrative Agent shall notify the City's financial department of the intent to award the grant and confirm the availability of funds.
2. For all awards, the Administrative Agent shall prepare a draft resolution authorizing the award of funds, specifying the amount, the location and type of unit, and the specific affordability controls on the unit.
3. The City shall release the funds from the Affordable Housing Trust Fund to the participating landlord following the approval of the resolution.
4. 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 City of Hoboken. Applicants must not have received any assistance from any of the City's Affordability Assistance Program previously.

### **Grant Amount and Period**

The maximum amount of assistance that may be provided per applicant shall be equal to two month’s contract rent.

### **Terms & Repayment Agreement**

This program is a grant and there are no terms and no repayment agreement.

## **Down Payment/Closing Cost Program Procedures**

1. An application shall be submitted to the City'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 City'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 City 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 Hoboken. 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.

### **Loan Amount and Period**

The amount of assistance that is provided per applicant is \$10,000. The loan period shall be ten (10) 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 City 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 City 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 City. Upon receipt, the City will file said documents with the 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 City's Affordable Housing Trust Fund. After the fifth year, the loan shall be forgiven at 20% a year for five additional years, fully forgiven at the end of the 10-year period. If the applicant remains the owner and occupant of the dwelling at the end of the duration of the ten (10) year mortgage period, the full amount of the loan shall be forgiven.

### **Insurance Requirements**

The applicant must provide proof of homeowner's insurance and proof that the insurance has been paid. The homeowner's insurance must list the City of Hoboken as additional insureds, loss payees, or additional mortgagees for the entire 10-year period of the lien.

If the home is associated with a Condominium Association or a substantially similar entity, the City of Hoboken shall be listed as additional insureds, loss payees, or additional mortgagees on the blanket insurance policy for the Association's property.

If the property is located in a Flood Zone, flood insurance will be required listing the City of Hoboken as additional insureds, loss payees, or additional mortgagees.

### **Affordability Controls**

All homes purchased by qualified low or moderate income households with assistance from the City'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.

## **Condo/Homeowners’ Association One Month’s Fee Assistance Program Procedures**

1. Purchasers qualified by Hoboken’s Administrative Agent are automatically approved for assistance.
2. The Administrative Agent shall prepare a draft resolution authorizing the award of funds, specifying the amount, the location and type of unit, and the specific affordability controls on the unit.
3. The City shall release the funds from the Affordable Housing Trust Fund to the HOA following the approval of the resolution.
4. 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 low-, or moderate-income households, purchasing a deed restricted affordable dwelling unit in the City of Hoboken. Applicants must not have received any assistance from any of the City's Affordability Assistance Program previously.

### **Grant Amount and Period**

The maximum amount of assistance that may be provided per applicant shall be equal to one month’s HOA fee.

### **Terms & Repayment Agreement**

This program is a grant and there are no terms and no repayment agreement.

## **Condo/Homeowners’ Association Special Assessment Fee Assistance Program Procedures**

1. An application for funding shall be filed with the City'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 City'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 funds, specifying the amount, the location and type of unit, and the specific affordability controls on the unit.
5. The City shall release the funds from the Affordable Housing Trust Fund to the participating landlord 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**

All participants must be very low-, low-, or moderate-income households that own a deed restricted affordable dwelling unit in the City of Hoboken.

### **Loan Amount and Period**

The amount of assistance per award that is provided per applicant is \$10,000. The loan period shall be ten (10) years.

Should an additional award for funding occur before the forgiveness of the current loan, the remaining amount of the outstanding loan that has not yet been forgiven shall be added to the principal of the new loan. No combined loan shall exceed \$20,000.

### **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 City 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 City 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 City. Upon receipt, the City will file said documents with the 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 City's Affordable Housing Trust Fund. After the fifth year, the loan shall be forgiven at 20% a year for five additional years, fully forgiven at the end of the 10-year period. If the applicant remains the owner and occupant of the dwelling at the end of the duration of the ten (10) year mortgage period, the full amount of the loan shall be forgiven.

### **Insurance Requirements**

The applicant must provide proof of homeowner's insurance and proof that the insurance has been paid. The homeowner's insurance must list the City of Hoboken as additional insureds, loss payees, or additional mortgagees for the entire 10-year period of the lien.

If the home is associated with a Condominium Association or a substantially similar entity, the City of Hoboken shall be listed as additional insureds, loss payees, or additional mortgagees on the blanket insurance policy for the Association's property.

If the property is located in a Flood Zone, flood insurance will be required listing the City of Hoboken as additional insureds, loss payees, or additional mortgagees.

### **Create Additional Very Low Income Units Procedure**

The City will negotiate with developers of affordable housing units on an as-needed basis.

## **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 applicant’s monthly housing payment shall not exceed 40% of the applicant’s adjusted monthly gross income.

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
- Rebates or credits received under low-income energy assistance programs
- Income of live-in attendants
- Student loans
- Part-time income of dependents enrolled as full time students
- Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
- 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 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.

## City of Hoboken – Affordability Assistance Program

- 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.