



ABOUT AFFORDABLE HOUSING NEW SALE / RESALE UNITS

Affordable housing units are restricted by written, recorded agreements/documents that constitute a covenant running with the land and the specific affordable housing unit(s).

A thorough and complete reading of these agreements/documents is necessary to fully understand the restrictions that bind these residential units.

Below is a summary of the most significant restrictions:

- 1) Ownership of an affordable housing unit is restricted to certified households whose total gross annual income household income is less than or equal to 80 percent of the regional median income limits for the household size and geographic region.
- 2) **Affordable housing owners shall at all times maintain the affordable unit as their principal place of residence, which is defined as residing in the unit at least 260 days out of each calendar year.** Acceptable primary proof of identity and/or other documents may be required if a complaint or an issue arises about this rule.
- 3) Affordable housing owners at no time can lease or rent to any person or persons. In rare circumstances the Administrative Agent/Township/Municipality in charge of the affordable units might give permission on a short-term hardship basis. Approval must be done in advance. Approvals are rare and the process takes time. Specific rules and information will need to be submitted for approval.
- 4) Affordable housing sale units shall not be resold at a sales price that exceeds the initial sale price for the unit (Base Price) plus a restricted increased based on the percentage of change in the approved median income guide (the index).
- 5) Home improvements of affordable housing units shall be made at the owner's expense. No improvements may be made to the Property that would affect its bedroom configuration, and in any event, no improvement made to the Property will be taken into consideration to increase the maximum resale price (MRP).
- 6) Owners of affordable housing units shall not make applications for any refinancing, equity loan, secured letter of credit, or any other mortgage obligation or debt secured by the affordable units unless approved in advance and in writing by the Administrative Agent for the affordable unit. At no time will the administrative agent approve any debt that would exceed 95 percent of then-applicable maximum resale price.



- 7) All resales of affordable housing units negotiated during the term of restriction shall only be to a certified, income-eligible household. The only exception is if the owner was granted a Hardship Waiver (very rare). The household that is buying an affordable unit that has a hardship waiver will be allowed to be over the income limits, however must adhere to all rules/restrictions and still must apply and be processed by the Administrative Agent.
- 8) The restrictions imposed on an affordable housing unit are contained in a recorded deed and other recorded documents that were executed by the buyers of the affordable housing unit at closing. Buyers pay filing fees that are collected at the closing for the recording or the documents. The signed/executed documents are recorded. These recorded documents are in lien position. This process ensures that in a title search of the unit will show that it is part of the affordable housing program and that all rules/restrictions have to be followed. **A key restriction is that these regulations/liens survive foreclosure.**
- 9) The terms, restrictions, and provisions of the recorded agreements shall end at the first resale occurring after the ending date stated or when the ordinance states for that municipality the restrictions will end. Municipalities very often utilize their option of extending the periods of control.
- 10) **STRIVE TO STAY CURRENT WITH HOUSING OBLIGATIONS**
Affordable homeowners must always stay current with their mortgage, sewer & water, homeowner association fees and real estate taxes in order to avoid any liens or legal problems. At the first sign of financial difficulty, affordable housing homeowners should contact a local HUD counseling agency.

Central Jersey Housing Resource Center (CJHRC) is a HUD Certified Housing Counseling Agency and offers free counseling to owners who are struggling or concerned about future payments.

Call CJHRC at 908-446-0036 for the document checklist of what is needed for a counseling session. In-person counseling sessions are generally offered between the hours of 9am and 3pm Monday through Friday.