

RESOLUTION
of the
BOROUGH OF NEW PROVIDENCE
Resolution No. 2019-188

Council Meeting Date: 08-12-2019

Date Adopted: 08-12-2019

TITLE: RESOLUTION OF THE COUNCIL OF THE BOROUGH OF NEW PROVIDENCE, COUNTY OF UNION STATE OF NEW JERSEY ADOPTING THE RENTER REHABILITATION MANUAL

Councilperson Geoffroy submitted the following resolution, which was duly seconded by Councilperson DeSarno.

WHEREAS, on April 1, 2019, the Borough of New Providence (“Borough”) signed an amended settlement agreement with Fair Share Housing Center (“FSHC”) as well as Beckton Dickinson, Inc. (“BD”) and Murray Hill, LLC, a successor to Linde North America, Inc. (“Linde”) that established the Borough’s fair share obligation and preliminarily approved the Borough’s compliance mechanisms in accordance with the March 10, 2015 decision of the Supreme Court, which transferred responsibility to review and approve housing elements and fair share plans from the Council on Affordable Housing (“COAH”) to designated Mount Laurel trial judges within the Superior Court; and

WHEREAS, on April 5, 2019, Honorable Karen Cassidy, A.J.S.C. held a Fairness Hearing and subsequently on April 8, 2019 issued a Court Order approving the settlement agreement between the Borough and FSHC, BD, and Linde; and

WHEREAS, pursuant to the April 8, 2019 Court Order, the Borough must implement a rental rehabilitation program of its own to supplement the County’s owner-occupied rehabilitation program which requires the Borough to adopt a Renter Rehabilitation Manual in accordance with N.J.A.C. 5:93-5.2

NOW THEREFORE BE IT RESOLVED, the Mayor and Council of the Borough of New Providence in the County of Union, and the State of New Jersey hereby adopts the Renter Rehabilitation Manual that is attached hereto as Exhibit A.

APPROVED, this 12th day of August, 2019.

RECORD OF VOTE

	AYE	NAY	ABSENT	NOT VOTING
CUMISKEY	X			
DESARNO	X			
GENNARO			X	
GEOFFROY	X			
MUÑOZ			X	
ROBINSON	X			
MORGAN			TO BREAK COUNCIL TIE VOTE	

I hereby certify that the above resolution was adopted at a meeting of the Borough Council held on the 12th day of August, 2019.

Wendi B. Barry, Borough Clerk

**EXHIBIT A
REHABILITATION MANUAL**

New Providence Rental Rehabilitation Program

Operating Manual

for the

Administration of Rehabilitation Units

Borough of New Providence

County of Union

August 2019

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INTRODUCTION

This Rental Rehabilitation Program Operating Manual has been prepared to assist in the administration of the New Providence Borough Rental Rehabilitation Program (the “Program”). It will serve as a guide to the Program staff and applicants. The Borough’s Rental Rehabilitation Program was created to assist properties occupied by very-low, low-, and moderate-income households to correct existing health, safety, and code violations in conformity with the standards of the New Jersey State Housing Code (N.J.S.A. 5:28) and the Rehabilitation Subcode (N.J.S.A. 5:23-6). The Program is guided by N.J.A.C. 5:93-5.2 and is subject to all laws, regulations, ordinances, and codes of the New Jersey Department of Community Affairs and the Borough of New Providence. The Borough may contract with a qualified consulting firm to administer the Program or may do so with a qualified municipal employee. The Program’s funding source will be municipal housing trust funds. If the funding source changes, this Operating Manual will be updated to reflect the change as well as changes to any regulations and requirements.

This manual describes the basic content and operation of the Program, examines Program purposes and provides the guidelines for implementing the Program. It has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations and/or procedures.

The owner-occupied single-family rehabilitation is currently being administered by the County’s Home Improvement and Senior Home Improvement Grant Programs, funded by Union County with Development Block Grant Funds. The Borough’s Rental Rehabilitation Program will focus its resources on implementing the rental rehabilitation program component.

This manual explains the steps in the rehabilitation process. It describes the eligibility requirements for participation in the Program, Program criteria, funding terms and conditions, cost estimating, contract payments, record keeping and overall Program administration.

The following represents the procedures developed to offer an applicant the opportunity to apply to the Program.

A. Fair Housing and Equal Housing Opportunities

It is unlawful to discriminate against any person making application to participate in the rehabilitation Program with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage payments.

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or <http://www.state.nj.us/lps/dcr/index.html>.

SECTION I. ELIGIBLE PARTICIPANTS

A. Categories of Participants

Landlords of renter-occupied housing units are eligible to receive funding for rehabilitation if the rental units are determined to be occupied by very-low, low- or moderate-income households and that the units are determined to be substandard. If a structure contains two or more units and an owner, who is not income eligible, occupies one unit, funding may be provided for the rehabilitation of the rest of the units if income-eligible households occupy those units. Pursuant to N.J.A.C. 5:93-5.2(f), rental units may not be excluded from a municipal rehabilitation Program.

B. Income Limits for Participation

Household income is defined as the combined annual income of all family members over 18 years of age, including wages, Social Security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. The occupants of the units must have incomes that fall within the income guidelines established for Union County by the Council on Affordable Housing (COAH) or the Affordable Housing Professionals of New Jersey. These limits are revised annually and the current 2019 limits, issued by the Affordable Housing Professionals of New Jersey, can be found in Appendix A. The Borough should utilize the current year's annual income limits as they are released. Should COAH (or a successor administrative agency) begin once again to issue updated annual income limits and rules for increasing rent levels, said update limits and rules may be used instead of the methodology found in Appendix A.

While not a requirement, the Program should strive to provide that very-low and low-income households occupy at least 50 percent of the units rehabilitated.

C. Program Area

This is a municipal-wide Program aimed at rehabilitating rental housing occupied by very-low, low-, and moderate-income households. The rehabilitation property must be located in New Providence Borough.

D. Certification of Substandard

The purpose of the Program is to bring substandard housing up to code. Substandard units are those units requiring repair or replacement of at least one major system. A major system is any one of the following:

1. Roof
2. Plumbing (including wells)
3. Heating
4. Electrical
5. Sanitary plumbing (including septic systems)
6. Load bearing structural systems
7. Lead paint abatement
8. Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

Code violations will be determined by an inspection conducted by a licensed inspector.

SECTION II. AVAILABLE BENEFITS

A. Program Financing

Up to \$20,000 per unit may be available for improvements to eligible owner-occupied and renter-occupied units. Municipal rehabilitation investments shall average at least \$10,000 for a major system. Administrative costs will be covered in accordance with the provisions of N.J.A.C. 5:93-5.2.

B. Program Affordability Controls

Ten-year controls on affordability on rental units are required.

C. Renter-occupied Units

If the homeowner consents to the work being performed and signs off on the Borough Rental Rehabilitation Program and the renter meets the criteria set forth for the Program, financing will be provided by way of a ten-year (10), interest free, forgivable loan, with funds provided from the Borough Development Fee currently being held in the Borough's affordable housing trust fund. If renter-occupied housing unit is sold prior to the end of the controls on affordability, at least part of the loan shall be recaptured and used to rehabilitate another housing unit, unless the unit is sold to a very-low, low- or moderate-income household at an affordable price pursuant to N.J.A.C. 5:93-7.4. In the event of the death of the homeowner, the loan is an immediate obligation of the estate and/or beneficiary of the estate unless the beneficiary meets the required income-eligibility guidelines and resides in the unit or rents to an income-eligible household. Funding shall be secured by a mortgage and mortgage note to the municipality.

D. Subordination

New Providence may agree to subordination of a loan if the mortgage company supplies an appraisal showing that the new loan plus the balance(s) on the old loan (including the value of the rehabilitation assistance) does not exceed 95% of the appraised value of the unit. If the homeowner is refinancing their primary mortgage to a lower interest rate and not "cashing out" any equity, New Providence will subordinate up to 100% of the appraised value. Additionally, for an owner-occupied unit, the household must be re-certified as very-low, low- or moderate-income.

SECTION III. ELIGIBLE PROPERTY IMPROVEMENTS

A. Eligible Improvements

Housing rehabilitation funds may be used only for repairs or system replacements necessary to bring a substandard unit into compliance with municipal health, safety and building codes, applicable code violations, as well as any other cosmetic work that is reasonable and deemed necessary or is related to the necessary repairs.

At least one major system must be replaced or included in the repairs, which include one of the following:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Lead paint abatement
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may include, but not be limited to the following:

- Interior trim work,
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatment
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for Program funding includes but is not limited to luxury improvements (improvements which are strictly cosmetic), additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools and landscaping. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. Rehabilitation work performed by property owners shall not be funded under this Program.

C. Rehabilitation Standards

Upon rehabilitation, housing deficiencies shall be corrected and the unit shall comply with the New Jersey State Housing Code, N.J.A.C. 5:28. For construction projects that require the issuance of a construction permit pursuant to the Uniform Construction Code, the unit must also comply with the requirements of the Rehabilitation Subcode (N.J.A.C. 5:23-6). In these instances, the more restrictive requirements of the New Jersey State Housing Code or the Rehabilitation Subcode shall apply. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

D. Certification of Standard

The Borough Building Inspector will inspect the property to determine which systems, if any, are substandard in accordance with subsection A above. All code deficiencies noted in the inspection report must be corrected and rehabilitated units must be in compliance with the standards proscribed in subsection C above upon issuance of a certificate of completion or occupancy. The licensed inspector must certify any structure repaired in whole or in part with rehabilitation funds to be free of any code violations.

E. Emergency Repairs

New Providence may provide for repairs in emergency situations if the conditions are stipulated in the Operating Manual.

A situation relating to a safety and/or health hazard for the occupants would constitute an emergency. The Borough Building Inspector will confirm the need for such work. In emergency cases, the formal solicitation process will not be followed. A minimum of three (3) estimates will be obtained when possible for the “emergency” work. However, eligibility, as stated in Section I, subsection B, must be determined prior to soliciting estimates. Application for additional non-emergency work may be made in accordance with the procedures outlined in this Operating Manual. The funding for the emergency work and any additional rehabilitation may not exceed the Program financing provisions in Section II, subsection A.

SECTION IV. OVERVIEW OF ADMINISTRATIVE PROCEDURES

A. Application/Interview

Landlords interested in participating in the Rental Rehabilitation Program may submit preliminary applications to the Program staff. Preliminary applications are available at the following locations:

Borough of New Providence
360 Elkwood Avenue
New Providence, NJ 07974
Or email: mkoontz@newprov.org

Upon request, the Program staff will mail a preliminary application to an interested property owner.

Applicants for rental rehabilitation funding must provide a list of tenants and the rents paid by each. The Program staff will contact the tenants to provide evidence of income eligibility of the occupants of the units.

Applications will be processed in the order of receipt.

B. Income Eligibility and Program Certification

For the landlords seeking a determination of income eligibility, all tenants who are wage earners 18 years of age or older in the household must submit appropriate documentation to document the household income, as further described below. The Program staff will income qualify tenant households in accordance with N.J.A.C. 5:93-9 and the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-26.1 et. seq.

Property owners of renter-occupied units must submit the following documentation:

- Copy of the deed to the property.
- Proof that property taxes and water and sewer bills are current.
- Proof of property insurance, including liability, fire and flood insurance where necessary.

If after review of the income documentation submitted tenants are determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant may be determined ineligible if each tenants' income exceeds income limits.

The Program staff will arrange for a title search of all properties entering the Program.

After the initial interview and the Program staff has substantiated that the occupant is income-eligible, and the title search is favorable, the Eligible Certification Form will be completed and signed.

Upon confirmation of income eligibility of the applicant's tenants, the Program staff will send a letter, including the Eligible Certification Form, to the applicant certifying the tenant's eligibility.

Eligibility will remain valid for six months. If the applicant has not signed a contract for rehabilitation within six months of the date of the letter of certifying eligibility, the applicant will be required to reapply for certification.

C. Housing Inspection/Substandard Certification

Once determined eligible, the Program staff will arrange for a qualified, licensed, housing/building code inspector to inspect the entire residential property.

The licensed inspector will inspect the house, take photographs, and certify that at least one major system is substandard. All required repairs would be identified.

D. Ineligible Properties

If after review of the property documentation submitted and the inspection report and/or work write-up, an applicant's property is determined to be ineligible, the Program staff will send a letter delineating the reasons for the determination of ineligibility. An applicant's property may be determined ineligible for any one of the following reasons:

- Title search is unfavorable.
- Property does not need sufficient repairs to meet eligibility requirements.
- Real estate taxes are in arrears.
- Proof of property insurance not submitted.
- Property is listed for sale.
- Property is in foreclosure.
- Total debt on the property will exceed the value of the property.

If after review of the property documentation submitted and the inspection report and/or work write-up an applicant's property is determined to be eligible, the inspector will then certify that the dwelling is substandard by completing and signing the Certificate of Substandard Form and submitting this to the Program staff.

E. Cost Estimate

The Program staff will prepare or cause to be prepared a Work Write-up and Cost Estimate. This estimate will include a breakdown of each major work item by category as well as by location in the house. It will contain information as to the scope and specifics on the materials to be used. A Cost Estimate will be computed and included within the Program documentation. The Program staff will review the Preliminary Work Write-up with the property owner.

Only required repairs to units occupied by income eligible households will be funded through the housing rehabilitation Program. If the property owner desires work not fundable through the Program, including work on an owner-occupied unit of a rental rehabilitation project, work on a non-eligible rental unit in a multi-unit building or improvements not covered by the Program, such work must be undertaken by a separate agreement between the contractor and the property owner, which shall clearly state that the additional work shall be paid to the contractor directly by the property owner and not by the New Providence Rehabilitation Program.

F. Contractor Bidding Negotiations

After the unit and the unit occupant have been certified as eligible, the Program staff will provide a list of approved, pre-qualified trade contractors for bidding. The property owner reviews this list and selects a minimum of three and a maximum of five contractors from whom to obtain bids. The Program staff and property owner will then review these bids. The lowest responsible trade contractor shall then be selected. If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner shall pay the difference between the lowest bid price and the bid price of the selected contractor.

G. Contract Signing/Pre-Construction Conference

Program staff will meet with the property owner to review all bids by the various trades. This review will include a Final Work Write-up and Cost Estimate. The Contractor Agreement will be prepared by the Program staff, as well as the Property Rehabilitation Agreement covering all the required terms and conditions.

The Program staff will then call a Pre-Construction Conference. Documents to be executed at the Pre-construction Conference include: Contractors Agreement(s), Right of Entry Document, a Restricted Covenant, Mortgage and Mortgage Note. The property owner, Program staff representative, contractor and bank representative will execute the appropriate documents and copies will be provided as appropriate. A staff member will outline project procedures to which property owner must adhere. A Proceed to Work Order, guaranteeing that the work will commence within fifteen (15) calendar days of the date of the conference and be totally completed within ninety (90) days from the start of work or a time period deemed appropriate, will be issued to each contractor at this Conference.

H. Progress Inspections

The Program staff will make periodic inspections to monitor the progress of property improvements. This is necessary to ensure that the ongoing improvements are in accordance with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Building Inspector before closing up walls on plumbing and electrical improvements.

I. Change Orders

If it becomes apparent during the course of construction that additional repairs are necessary or the described repair needs to be amended, the Program staff will have the qualified professional(s) inspect the areas in need of repair and prepare a change order describing the work to be done. The applicant and the contractor will review the change order with the Program staff and agree on a price. Once all parties approve of the change order and agree on the price, they will sign documents amending the contract agreement to include the change order. Additionally, if the applicant is not funding the additional cost, new financing documents will be executed reflecting the increase.

J. Payment Schedule

The contractor will submit a payment request. If both the applicant and the Borough Building Inspector are satisfied with the work performed, the municipality will then release the payment.

Final payment will be released once all final inspections are made, a Certificate of Occupancy is issued (if applicable) and the Program staff receives a Property Owner Sign-off letter.

K. Appeal Process

If an applicant does not approve a payment that the housing/building inspector has approved, the disputed payment will be appealed to the Borough Council for a hearing. The Borough Council will decide if the payment shall be released to the contractor or the contractor must complete additional work or correct work completed before the release of the payment. The Borough Council's decision will be binding on both the applicant and the contractor.

L. Final Inspection

Upon notification by the contractor that all work is complete and where required a Certificate of Occupancy has been issued, a final inspection shall be conducted, and photographs taken. The Program staff (or a representative), the property owner, and the necessary contractors shall be present at the final inspection to respond to any final punch list items.

M. Record Restricted Covenant and Mortgage Documentation

Program staff will file the executed Restricted Covenant and Mortgage with the County Clerk.

N. File Closing

After the final payment is made, the applicant's file will be closed by the Program staff.

SECTION V. PROCEDURE FOR INCOME-ELIGIBILITY CERTIFICATION

A. Complete a Household Eligibility Determination Form

The Program staff shall require each member of a tenant household who is 18 years of age or older to provide documentation to verify their income, pursuant to the Uniform Housing Affordability Controls at N.J.A.C. 5:80-16.1 et seq. (except for the asset test).¹ 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.
- Copies of Federal and State income tax returns for each of the preceding three tax years - A Form 1040 Tax Summary for the past three tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.
- A letter or appropriate reporting form verifying monthly benefits such as
 - Social Security or SSI – Current award letter or computer printout letter
 - Unemployment – verification of Unemployment Benefits
 - Welfare -TANF² current award letter
 - Disability - Worker’s compensation letter or
 - Pension income (monthly or annually) – a pension letter
- A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court or education scholarship/stipends – current award letter.
- Current reports of savings and checking accounts (bank statements and passbooks) and income reports from banks or other financial institutions holding or managing trust funds, money market accounts, certificates of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates).
- Evidence or reports of income from directly held assets, such as real estate or businesses.

¹ Asset Test – N.J.A.C. 5:80-26.16(b)3 which provides that if an applicant household owns a primary residence with no mortgage on the property valued at or above the regional asset limit as published annually by COAH, a certificate of eligibility shall be denied by the administering agency, unless the applicant’s existing monthly housing costs ...exceed 38 percent of the household’s eligible monthly income.

² TANF – Temporary Assistance for Needy Families

- 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.

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. Those that are not considered as part of the household's income are listed under Not Income.

Income

1. Wages, salaries, tips, commissions
2. Alimony
3. Regularly scheduled overtime
4. Pensions
5. Social security
6. Unemployment compensation (verify the remaining number of weeks they are eligible to receive)
7. TANF
8. Verified regular child support
9. Disability
10. Net income from business or real estate
11. Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
12. Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
13. Rent from real estate is considered income
14. Any other forms of regular income reported to the Internal Revenue Service

Not Income

1. Rebates or credits received under low-income energy assistance Programs

2. Food stamps
3. Payments received for foster care
4. Relocation assistance benefits
5. Income of live-in attendants
6. Scholarships
7. Student loans
8. Personal property such as automobiles
9. Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
10. Part-time income of dependents enrolled as full-time students
11. Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months.

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 workweek.

Income from Real Estate

If real estate owned by an applicant for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, the agency responsible for administering the rehabilitation Program should determine the imputed interest from the value of the property. The administering agency should deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

B. Records Documenting Household Composition and Circumstances

The following are various records for documenting household information:

- Social Security records or cards. Either individual Social Security card or letter from Social Security Administration
- Adoption papers, or legal documents showing adoption in process
- Income tax return
- Birth Certificate or Passport
- Alien Registration Card

C. Certification

Certify the income eligibility of low- and moderate-income households by completing the application form. Provide the household with the original and keep a copy in the project files.

SECTION VI. CONTRACTOR RELATED PROCEDURES

A. Contractor Selection

Contractors must apply to the Program staff to be placed on the pre-approved contractors list. Contractors seeking inclusion on the list must submit references from at least three recent general contracting jobs. Contractors also must submit documentation proving financial stability and the ability to obtain performance bonds. If it is ever necessary for the municipality or the Program administrator to access the performance bond in order to complete a project, the contractor will be removed from the pre-approved contractors list. Contractors must carry workmen's compensation coverage and liability insurance of at least \$100,000/\$300,000 for bodily injury or death and \$50,000 for property damage. Only licensed tradesmen will be permitted to perform specialty work such as plumbing, heating and electrical.

B. Number of Proposals Required

The property owner will select a minimum of three general contractors from a list of pre-approved contractors. Property owners may not select contractors who do not appear on the list. The approved work write-up will be submitted to the selected contractors by the Program staff. Contractors must visit the property and submit bids within 30 days. The contract will be awarded to the lowest bidder, provided that the housing/building inspector or the professional who drafted the work write-up certify that the work can be completed at the price bid and that the bid is reasonably close to the cost estimate. Bids must fall within 10 percent of the cost estimate. If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner shall pay the difference between the lowest bid price and the bid price of the selected contractor.

C. Contractor Requirements

Upon notification of selection, the contractor shall submit all required insurance certification to the Program staff. A contract signing conference will be called by the Program staff to be attended by the property owner and contractor. At the time of Agreement execution, the contractor shall sign a Certification of Work Schedule prepared by the Program staff.

SECTION VII. MAINTENANCE OF RECORDS

A. Files to be Maintained on Every Applicant

The Program staff will maintain files on every applicant. All files will contain a preliminary application. If an applicant's preliminary application is approved, and the applicant files a formal application, the file will contain at a minimum:

- Application Form
- Income Verification
- Letter of Certification of Eligibility or Letter of Determination of Ineligibility

B. Files of applicants approved for the Program will also contain the following additional documentation:

- Housing Inspection Report
- Photographs - Before
- Certification of Property Eligibility or Determination of Ineligibility
- Proof of Homeowners Insurance
- Copy of Deed to Property

C. For properties determined eligible for the Program where the applicants choose to continue in the Program, the files shall contain the following:

- Work Write-Up/Cost Estimate
- Copies of Bids
- Applicant/Contractor Contract Agreement
- Recorded Mortgage/Lien Documents
- Copies of All Required Permits
- Contractor Requests for Progress Payments
- Progress Payment Inspection Reports
- Progress Payment Vouchers
- Change Orders (If needed)
- Final Inspection Report
- Photographs - After
- Certification of Completion
- Certification of Release of Contractor's Bond

Individual files will be maintained throughout the process.

D. Rehabilitation Log

A rehabilitation log will be maintained by the Program staff that depicts the status of all applications in progress.

E. Monitoring

For each unit the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Income: Very Low/Low/Mod
- Final Inspection Date
- Funds expended on Hard Costs
- Development Fees expended
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (yrs)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

SECTION VIII. PROGRAM MARKETING

The municipality will conduct a public meeting announcing the implementation of the housing rehabilitation Program. Program information will be available at the municipal building, library, and senior center and on the municipal website. Posters regarding the Program will be placed in retail businesses throughout the municipality.

Prior to commencement of the Program and periodically thereafter, the municipality will hold informational meetings on the Program to all interested contractors. Each contractor will have the opportunity to apply for inclusion of the municipal contractor list.

SECTION IX. RENTAL PROCEDURES

Rental units are subject to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5-80:26.1 et. seq. once the rental units are rehabilitated.

A. Fair Housing and Equal Housing Opportunities



It is unlawful to discriminate against any person making application to participate in the rehabilitation Program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or <http://www.state.nj.us/lps/dcr/index.html>.

B. Overview of the Affordable Housing Administration Process for Rental Units

- The Borough must select an agency or individual, experienced in the administration of a rehabilitation Program to administer the Borough’s Program (herein after referred to as the “administering agency”). The chosen administering agency may be the Borough-appointed Municipal Housing Liaison or Administrative Agent (or combination thereof), a nonprofit agency, State agency or consultant that administers the Program within the municipality.
- The administering agency implements the municipality’s Affirmative Marketing Plan.
- The administering agency serves as the initial point of contact for all inquiries generated by the affirmative marketing efforts and sends out pre-applications to interested callers.
- The administering agency will accept these returned pre-applications for a specific period of time, for example, 30 to 90 days. At the end of this time period these applications will be randomly selected, through a lottery, to create a pool of applicants.
- The administering agency pre-qualifies applicants in the applicant pool for income eligibility and sends either a rejection letter to those over income or a preliminary approval letter to those who appear income-eligible.
- When a unit becomes available, the administering agency will interview the applicant households and proceed with the income qualification process.
- The administering agency must notify applicant households in writing of certification or denial within 20 days of the determination.
- Once certified, households are further screened to match household size to bedroom size.

- Certified households that are approved for a rental affordable housing unit will sign Appendix K and any other applicable documents, which are held in the applicant file. Applicants then make an appointment with the leasing agent. Applicant households seeking rental units proceed with a credit check, which is generally conducted by the developer, affordable housing sponsor or landlord. If approved, the applicant will sign the lease, pay the first month's rent and the security deposit and receive the keys.
- The certified household moves in to the affordable rental unit.

C. Roles and Responsibilities

The administering agency is responsible for coordinating all the activities of the municipal government as it relates to the creation and administration of affordable housing units, in conjunction with the Municipal Attorney, where appropriate (see the section **Responsibilities of the Municipal Attorney**). The primary purpose of the administering agency is to ensure that all affordable housing projects are established and administered according to the Regulations as outlined in an Operating Manual. The duties of the administering agency include the following duties.

Monitor the status of all restricted units in the municipality's Fair Share Plan. It is the administering agency's responsibility to know the status of all restricted units in their community.

Serve as the municipality's primary point of contact for all inquiries from the State, developers, affordable housing sponsors, owners, property managers, and interested households. The administering agency serves as the municipality's primary point of contact on affordable housing issues. Interested applicants should be provided with information on the types of affordable units within the municipality.

Compile, verify and submit annual reporting. The administering agency is responsible for collecting much of the data that is ultimately included in an annual monitoring report. It is also the administering agency's responsibility to collect and verify this data and consolidate it into the annual report.

Secure written acknowledgement from all owners that no restricted unit can be offered or in any other way committed to any person other than a household duly certified by the administering agency.

Create and adhere to an Operating Manual. Administering agencies are required to follow the policies and procedures of an Operating Manual, as applicable to the scope of services they have been contracted to perform.

Implement the municipality's Affirmative Marketing Plan. The administering agency, the developer, affordable housing sponsor or owner could be responsible for implementing the Affirmative Marketing Plan adopted by the municipality. At the first meeting with the administering agency and the developer, affordable housing sponsor or owner this responsibility should be discussed. Affirmative marketing includes conducting regional outreach and advertising for available affordable units. Advertising costs may also be delegated to the developer, but this

must be established by ordinance and a condition of approval of the Planning Board or Zoning Board.

Accept applications from interested households. In response to marketing initiatives, interested households will contact the administering agency. The administering agency will supply applicants with applications, provide additional information on available units and accept completed applications.

Conduct random selection of applicants for rental of restricted units. The administering agency is responsible for conducting the random selection in accordance with the Affirmative Marketing Plan and any related local ordinances, and as described in the Operating Manual.

Create and maintain a pool of applicant households. This includes reaching out to households in the applicant pool to determine continued interest and/or changes in household size and income.

Determine eligibility of households. The task of collecting application materials and documentation from applicant households and analyzing it for eligibility is the responsibility of an administering agency. A written determination on a household's eligibility must be provided within twenty (20) days of the administering agency's determination of eligibility or non-eligibility. Whether or not the household is determined to be eligible for a unit, it is an administering agency's responsibility to secure all information provided by the household in individual files and to maintain strict confidentiality of all information regarding that household. An administering agency is required to ensure that all certified applicants execute a certificate acknowledging the rights and requirements of renting an affordable unit, in the form of Appendix K of UHAC.

Establish and maintain effective communication with property managers and landlords. Property managers and landlords of restricted units should be instructed and regularly reminded that the administering agency is their primary point of contact. The administering agency must immediately inform all property managers and landlords of any changes to the administering agency's contact information or business hours.

Property managers and landlords should be instructed to immediately contact the administering agency:

- Immediately upon learning that an affordable rental unit will be vacated.
- For review and approval of annual rental increases.

Provide annual notification of maximum rents. Each year when COAH or the Affordable Housing Professionals of New Jersey or another competent, equivalent agency, releases its low- and moderate-income limits, rental households must be notified of the new maximum rent that may be charged for their unit. The administering agency's contact information must be included on such notification in case the tenant is being overcharged.

Serve as the custodian of all legal documents. An administering agency is responsible for maintaining originals of all legal instruments for the units in their portfolio. Throughout the duration of a control period, an administering agency must maintain a file containing its affordability control documents. This includes, but is not limited to, the recorded Declarations of Covenants, Conditions and Restrictions, Deed Restrictions, Deeds, Repayment Mortgages, Repayment Mortgage Notes, Leases and Appendix K.

Serve as point of contact on all matters relating to affordability controls. It is recommended that the administering agency develop a system to be notified by lenders when a unit is at risk of foreclosure. In the event of a foreclosure, the administering agency should work with the foreclosing institution to ensure that the affordability controls are maintained. The administering agency should seek the counsel of the municipality's attorney on legal matters that threaten the durability of the affordability controls.

An administering agency is responsible for collecting the reporting data on each unit in their portfolio.

Maintain and distribute information on HUD-approved Housing Counseling Programs.

Responsibilities of the Municipal Attorney

The Municipal Attorney assists the municipality with developing, administering, and enforcing affordability controls, including but not limited to

- Providing all reasonable and necessary assistance in support of the administering agency's efforts to ensure compliance with the housing affordability controls.

Responsibilities of Owners of Rental Units

Open and direct communication between the Owners of rental units and the administering agency is essential to ongoing administration of affordability controls. The Owner must provide the administering agency with information on vacancies. Owners of rental units are also responsible for working with the administering agency to ensure that the administering agency has all necessary information to complete the annual reporting.

Responsibilities of Landlords and Property Managers

Landlords and property managers must place a notice in all rental properties annually informing residents of the rent increase for the year and the contact information for the administering agency.