

# **Tinton Falls Borough Home Improvement Program**



## **Operating Manual for the Administration of For-Sale and Rental Units**

**Tinton Falls Borough, New Jersey**

Prepared: August 20, 2023

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## **Introduction**

This Rehabilitation Program Operating Manual has been prepared to assist in the administration of the Borough of Tinton Falls Housing Rehabilitation Program, also known as the Home Improvement Program (“HIP” or “Program”). It will serve as a guide to the program’s staff and applicants. The program is administered by CME Associates or its successor (the “Program Administrator”), who is responsible for making sure the Program is properly managed and for affirmative marketing aspects of the rental rehabilitation component.

This Manual describes the basic content and operation of the Program, examines its 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.

This Manual also explains the steps in the rehabilitation process. It describes the eligibility requirements for participation, key criteria, funding terms and conditions, cost estimating, contract payments, record keeping and overall Program administration. Please note that the number of housing units that can be rehabilitated under this Program and the overall operation of this Program is limited by the availability of funding to the Borough.

### **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>.

Fair Housing and Equal Housing Opportunities apply to both owner and tenant applications.

### **Section I. Eligible Participants**

#### **A. Categories of Participants**

Both owner-occupied and renter-occupied housing units are eligible to receive funding for rehabilitation provided that the occupants of the units are determined to be very low-, low- or moderate-income households and that the units are determined to be substandard. Owners of rental properties do not have to be very low-, low- or moderate-income households. If a structure contains two or more units and an owner, who is not income eligible, occupies one of the units, funding may be provided for the rehabilitation of the rest of the units if income-eligible households occupy those units. Rents must be affordable to very low-, low- or moderate-income households.

## **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. Each unit's total household income must fall within the State's very low-, low- and moderate-income limits based on family size.

Regional income limits are determined annually by either the State of New Jersey or by the Affordable Housing Professionals of New Jersey (AHPNJ). The Regional Income Limits for Region 4 (Monmouth, Ocean, and Mercer Counties) are applicable to the Borough of Tinton Falls. Upon issuance of updated Regional Income Limits by AHPNJ or such other entity that has purview over the preparation of the Regional Income Limits, the Program Administrator shall utilize the most recent updated Regional Income Limits without the need for formal action by the Borough of Tinton Falls.

## **C. Program Area**

This is a municipal-wide program. The rehabilitation property must be located within Tinton Falls Borough.

## **D. Certification of Substandard Units**

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. Lead paint hazard interim controls related to HIP scope of work items
7. Load bearing structural systems
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 Program inspector.

## **Section II. Available Benefits**

### **A. Program Financing**

#### *Ownership and Rental Projects for Properties That Do Not Have Existing Affordability Controls*

Financing in the form of a forgivable loan in an amount up to \$25,000 shall be made available for eligible rehabilitation work on residential units owned by eligible low- and moderate-

income households. If the estimated budget for a particular unit exceeds the Program maximum, the Borough will review the application for consideration for approval or denial on a case-by-case basis. For funding amounts over \$25,000 the applicant would need to demonstrate an urgent need based upon public or homeowner health and safety. The funding limitations outlined herein shall include any Emergency Repairs as defined below. Properties that do not have existing affordability controls when they enter into the Program are funded under the Rehabilitation Program component of the Borough of Tinton Falls Spending Plan. For the overall HIP Program, the average per unit rehabilitation costs shall be \$10,000 or more on a Program-wide basis in accordance with applicable affordable housing regulations.

*Ownership and Rental Projects for Properties That Have Existing Affordability Controls*

Financing in the form of a forgivable loan in an amount up to \$20,000 shall be made available for eligible rehabilitation work on residential units owned by eligible low- and moderate-income households. If the estimated budget for a particular unit exceeds the Program maximum, the Borough will review the application for consideration for approval or denial on a case-by-case basis, and any resulting approval would be subject to a requirement that the affordability controls on the affordable housing unit be extended for thirty (30) years from the date of closing on the deferred forgivable loan for the rehabilitation work. For funding amounts over \$20,000 the applicant would need to demonstrate an urgent need based upon public or homeowner health and safety. The funding limitations outlined herein shall include any Emergency Repairs as defined below. Properties that have existing affordability controls when they enter into the Program are funded under the Affordability Assistance component of the Borough of Tinton Falls Spending Plan.

**B. Owner-Occupied Units**

Eligible property owners may be eligible for an interest free forgivable loan which will be due if the property is sold and/or title/occupancy changes between years 1 through 10 except for allowable exceptions listed in the subsection, below, under “Exceptions to Loan Repayment Terms during the lien period.” Upon the completion of year 10 of the loan, the loan shall be forgiven and be considered a grant only if the unit and occupant have satisfied all of the terms of the loan agreement and all applicable requirements of the HIP Program.

If the owner decides to sell the property, transfer title before the ten-year period concludes, or if the owner should die before the terms of the lien expire, 100% of the original loan will be due for payment by the owner, heirs, executors or legal representatives unless the transaction satisfies one or more of the exceptions set forth below.

Exceptions to Loan Repayment Terms during the lien period:

1. If the loan transfers due to inheritance of very low-, low- or moderate-income family member beneficiary who will take occupancy upon death of program mortgagee and assume the balance of the lien, or
2. If the house is sold at an affordable price pursuant to N.J.A.C. 5:97-9.3 to someone who can be qualified as income eligible, takes occupancy and agrees to assume the program lien for the

remaining duration of the lien period, or

3. If the house is sold at an affordable price pursuant to N.J.A.C. 5:97-9.3 to an investor who assumes the lien and also signs a deed restriction for the remaining duration of the lien period to rent the dwelling at the affordability controls restricted rental rate and according to the affirmative marketing requirements for re-rentals. When this occurs, the Borough's Administrative Agent will be responsible for monitoring compliance over that unit.

Rental of a rehabilitated unit is allowable under certain conditions subject to approval by the Administrative Agent. The conditions that the Administrative Agent may consider when analyzing whether the rehabilitated unit may be rented out include but are not limited to the following:

1. Instances where, due to market conditions or other conditions, the owner is unable to find a buyer for the home within six months; or
2. If the owner is experiencing a hardship, which requires that they temporarily live in a different location.

The Administrative Agent shall identify a reasonable time limitation on the rental of the unit, such as a time frame not to exceed two years. as one of the requirements as part of any resulting approval to allow the unit to be rented.

### **C. Renter-Occupied Units**

Landlords of one- to four-unit buildings may be eligible for an interest free loan which will be due when title to the property is transferred. The landlords are required to provide at least 50% of the total construction costs needed for each unit to meet the New Jersey State Housing Code, N.J.A.C. 5:28 and each unit must meet the major system repair or replacement requirement. At the time the application is submitted, owners must submit proof of their ability to cover their share through bank statements, credit lines, etc. Title searches and property appraisals will be required to determine if there is sufficient equity in the property to cover to cost of the loan. The landlords will be expected to pay for the costs of the title searches and provide up to date property appraisals. In addition to the interest free, deferred payment loan, a ten-year deed restriction, attached to the mortgage and note, will be used to control the contract rent and ongoing tenant eligibility on rental units that receive assistance. The loan will be due upon transfer of title to the property; however, the deed restrictions shall remain in effect for ten years from the date the units are certified as standard. There are no monthly payments. The deed restriction will be recorded in the county deed book.

In situations where the non-income eligible owner(s) of eligible rental units occupies a unit in the structure to be rehabilitated, repairs to shared systems (i.e.: roof, heating, foundations, etc.) will be prorated with the owner(s) receiving no financial assistance for the owner's share.

If a unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls of affordability, the deed restriction shall require the unit to be rented to a very low-, low- or moderate-income household at an affordable price and affirmatively marketed pursuant to the N.J.A.C. 5:97-9. Rents in rehabilitated units may increase

annually based on the standards in N.J.A.C. 5:97-9.

In cases where the owner of a single-family home with an accessory apartment lives on the premises and in cases where the owner of a two-family home lives on the premises, if the owner is income eligible, the rehabilitation of the owner's portion of the structure may be addressed under the requirements for Owner-Occupied Units and shall not be required to comply with the requirements for Renter-Occupied Units. If the owner is not income eligible then the project shall be subject to the requirements for Renter-Occupied Units. In both cases, only the rental unit portion of the project shall be required to be affirmatively marketed and comply with all applicable associated requirements as set forth in this Manual.

#### **D. Subordination**

Tinton Falls Borough may agree to subordination of a loan if the mortgage company supplies an appraisal showing that the new loan plus the balance on the old loan does not exceed 95% of the appraised value of the unit. In addition, the household must be recertified as very low-, low- or moderate-income. All requests for subordination shall be submitted to the Borough Business Administrator for presentation to and approval by Borough Council at a public meeting.

### **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 ancillary cosmetic work that 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 hazard interim controls
- 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



- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair
- Lead-based paint interim controls for rental units

## **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. Construction permits will be required to be supplied prior to contract signing and work beginning.

## **D. Certification of Standard**

All code deficiencies noted in the inspection report must be corrected and rehabilitated units must be in compliance with the standards proscribed in sub-section C above upon issuance of a certificate of completion or occupancy. The Program Inspector must certify any structure repaired in whole or in part with rehabilitation funds to be free of any code violations.

## **E. Emergency Repairs**

A situation relating to a safety and/or health hazard for the occupants would constitute an emergency. A Program Inspector will confirm the need for such work. In emergency cases, the formal solicitation process will not be followed. Three (3) estimates from contractors vetted by the Program will be obtained when possible for the “emergency” work; however, the minimum number of estimates required is one (1) estimate generated by Program staff and one (1) estimate from a contractor vetted by the Program prepared using the scope developed by Program staff, which will be provided to the contractor in advance of the contractor preparing an estimate.

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**

Property owners interested in participating in the housing rehabilitation program may submit preliminary applications to the program staff. Preliminary applications are available at the following locations:

**Tinton Falls Borough Hall**  
556 Tinton Avenue, Tinton Falls, NJ 07724  
Phone: (732) 542-3400  
Office Hours: Monday – Friday 8:30 am to 4:30 pm

**CME Associates**  
1460 Route 9 South, Howell, NJ 07731  
Phone: 732-462-7400  
Email: pgallagher@cmeusa1.com

Upon request, the program staff will mail a preliminary application to an interested property owner. If after the program staff reviews a preliminary application an owner-occupant appears to be income eligible, a final application will be provided to the homeowner. Upon receipt of the completed final application an interview will be scheduled with the applicant to discuss the final application and the repairs that are needed for the residence.

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

Applications will be processed in the order they are received; however, if an application is delayed on the part of the homeowner or a third party, the administrator may move onto subsequent applications for processing while the delay of the first application is in the process of being resolved. Applications subject to emergency situations may be handled out of the order of receipt.

##### **B. Income Eligibility and Program Certification**

For the households seeking a determination of income eligibility, both owner-occupants and renter-occupants, all wage earners 18 years of age or older in the household must submit appropriate documentation to document the household income, as further described below.

Property owners of both owner-occupied and renter-occupied units must submit the following

documentation:

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

The Program Administrator will utilize current income limits and pricing limit calculators as approved by the court or appropriate State agency to determine income eligibility. These may include income limit and pricing limit calculators prepared by the Affordable Housing Professionals of New Jersey or other entity recognized by the State of New Jersey.

If, after review of the income documentation submitted by the applicant the applicant, or tenant in the case of rental units, is determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant or tenant may be determined ineligible if the combined income of the household members exceeds a moderate-income level for that size household.

Program staff will review County of Monmouth records pertaining to the property of interest, including but not limited to, mortgage records and related documentation in order to identify any potential issues regarding ownership. After the initial interview and the program staff has substantiated that the occupant is income-eligible, and the records search is favorable, the Eligible Certification Form will be completed and signed.

The rehabilitation of all rental dwelling units shall comply with applicable law as it pertains to the any lead-based paint hazards that may exist in certain rental dwellings.

Upon confirmation of income eligibility of the applicant or the applicant's tenants, the Program staff will send a letter, including the Eligible Certification Form, to the applicant certifying the applicant's and or 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 submit updated documentation for renewed certification.

### **C. Housing Inspection/Substandard Certification**

Once determined eligible, the Program staff will arrange for the Program Inspector to inspect the entire residential property. The Program Inspector will inspect the house, take photographs, and certify that at least one major system is substandard. All required repairs will 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 stating the reasons for the determination of ineligibility. An applicant's property may be determined ineligible for any one of the following reasons:

1. Property records search is unfavorable.
2. Property does not need sufficient repairs to meet eligibility requirements.

3. Real estate taxes are in arrears.
4. Proof of property insurance not submitted.
5. Property is listed for sale.
6. Property is in foreclosure.
7. Total debt on the property will exceed the value of the property.

Tinton Falls Borough may disqualify properties requiring excessive repairs to meet municipal housing standards. Additional detail regarding this requirement is included in Section II.A., Program Financing, of this Manual.

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 Program 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 Program. If the property owner desires work not fundable through the Program, including work on the non-income qualified owner-occupied unit in 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 may be added to the work write-up if the property owner provides funds to be deposited in the municipality's Affordable Housing Trust Fund prior to the commencement of the rehabilitation of the property equivalent to *(110 percent or a higher percentage)* of the estimated cost of the elective work. Such deposited funds not expended at the time of the issuance of a certificate of completion/occupancy will be returned to the property owner with accrued interest.

### **F. Contractor Bidding Negotiations**

After the unit and the occupant(s) of the unit have been certified as eligible, the Program staff will provide the homeowner with a copy of the work write-up for approval. Once the homeowner approves the work write-up the program staff will send the work write-up out to a list of contractors that have been vetted by the Program. A homeowner is permitted to provide the Program with the name of a contractor that they would like to have bid on the job; however, the contractor referred by the homeowner is required to provide the Program with all of the documents required of the contractors that are on the approved list of contractors that have already been vetted by the Program. The contractor referred by the homeowner must meet or exceed the same requirements and criteria that the Program contractors have been required to satisfy.

Once the bids are received the Program staff will review the bids and relay a bid summary to the homeowner for review. The lowest responsible contractor will 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 review all bids by the various trades with the property owner. 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), written permission for right of entry into the premises, a Restricted Covenant, Mortgage and Mortgage Note. The property owner, program staff representative, and contractor 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 completed within ninety (90) days from the start of work, 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; however, this shall only be done if it is clear that the circumstance was unforeseen. 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 contract will permit approximately three progress payments if the project costs less than \$20,000 or four or more progress payments if the project costs more than \$20,000. The payments shall correspond to the percent of work completed for the project based upon the costs estimated in the scope of work for the project.

The contractor will submit a payment request. The applicant will sign a payment approval if both the applicant and Program 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 before Council or its designee, who shall issue a report and recommendation to Council. 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.

#### **M. Record Restricted Covenant and Mortgage Documentation**

Program staff will file the executed Mortgage, Mortgage Note, and Restricted Covenant, or Deed Restriction in the case of rental units, with the County Clerk.

#### **N. File Closing**

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

#### **O. Miscellaneous Additional Program Requirements**

##### **1. Prior Participants**

- a. Applicants cannot reapply to the Program while there is a Tinton Falls Borough Home Improvement Program Deferred Loan Lien or other Program instrument recorded against their property unless the funding provided is less than \$25,000 in the case of units with a 10-year Program lien on their property, and less than \$20,000 in cases where the unit has a 30-year deed restriction for affordability; in both cases the applicant may reapply for an amount that, when added to the amount conferred to date, the sum would not exceed the applicable Program maximum threshold in accordance with Section II.A. of this Manual. For example, if an applicant has a 10-year lien related to a prior award of funding in the amount of \$20,000, the applicant may reapply to the Program for up to \$5,000, as the sum of the prior award of \$20,000 and the additional sum of \$5,000 equals

\$25,000 and does not exceed the \$25,000 program maximum threshold for properties subject to the 10-year lien. If an applicant reapplies to the Program and is awarded additional funding, a new affordability period shall extend from the date the additional work is completed in accordance with Section II.A. and other applicable sections of this Manual.

## **Section V. Procedure for Income-Eligibility Certification**

### **A. Complete a Household Eligibility Determination Form**

The program staff shall require each member of an applicant 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<sup>1</sup>). 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 both the check and the stub], 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 print-out letter
  - Unemployment – verification of Unemployment Benefits
  - Welfare -TANF<sup>2</sup> 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.

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<sup>1</sup> 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 administrative agent, unless the applicant’s existing monthly housing costs ...exceed 38 percent of the household’s eligible monthly income.

- 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.
- 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. Temporary Assistance for Needy Families (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.
  - Rent from real estate is considered income. Please note that in cases where an applicant/property owner maintains an accessory unit or second housing unit as part of a two-family home the rental payments from the rental of the accessory unit or second housing unit count as income. Similarly, if an applicant owns any type of income generating real estate asset on-site or off-site, the income from the real estate asset is required to be counted as income for the purposes of income eligibility determination.
13. 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***

Full-time income from full-time students, full-time income from part-time students, and part-time income from part-time students is included in the income calculation; however, part-time income of dependents enrolled as full-time students does not count as income. 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. In cases where an individual has part-time income and is a full-time student their income is not counted.

### ***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 Administrative Agent should determine the imputed interest from the value of the property. The Administrative Agent 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

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

### **C. Appeals**

Appeals from all decisions of an Administrative Agent shall be made in writing to the Executive Director of the Department of Community Affairs (DCA), 101 South Broad Street, P.O. Box 813, Trenton, New Jersey 08615. The Executive Director's written decision, which shall be made within 15 days of receipt of an appeal, shall be a final administrative action of DCA.

## **Section VI. Contractor Related Procedures**

### **A. Contractor Selection**

Contractors must apply to the program staff to be placed on the pre-approved contractors list and must be licensed by the NJ Division of Consumer Affairs as a home repair contractor. Contractors seeking inclusion on the list must submit references from at least three recent general contracting jobs and provide their business registration. 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. Copies of current licenses for each trade involved in the project will be required to be submitted and retained in the project file. Contractors shall also be required to conduct lead safe work practices.

### **B. Number of Proposals Required**

Contractors shall be selected as set forth within Section IV.F. of this Manual as well as other applicable sections, including this section. 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 14 days. The contract will be awarded to the lowest bidder, provided that the Program 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 ten (10) percent of the cost estimate; however, if substantial fluctuations in the cost of materials or labor have occurred the cost estimate may be reviewed and adjusted at the Program Administrator's discretion. 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. All building permits are required to be obtained prior to contract/agreement execution. At the time of contract/agreement execution the contractor shall sign a Certification of Work Schedule prepared by the program staff.

## **Section VII. Maintenance of Records and Client Files**

### **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
- Tenant Information Form (Rental Units Only)
- 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 (Copy to be provided to the Borough and kept on file by the Administrative Agent)

### **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 (Copy to be provided to the Borough and kept on file by the Administrative Agent)
- Copies of All Required Permits
- Contractor Requests for Progress Payments
- Progress Payment Inspection Reports
- Progress Payment Vouchers
- Change Orders (If needed)
- Final Inspection Report (Copy to be provided to the Borough and kept on file by the

- Administrative Agent)
- Photographs - After
- Certification of Completion

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
- Owner/Renter
- 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 (years)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

#### **Section VIII. Program Marketing**

The municipality will announce the implementation of the HIP during at least one public meeting. For the term of the program, the municipality may include fliers once a year with the tax bills, water bills or other regular municipal mailing to all property owners. Program information will be available at the municipal building and on the on the municipal website, and may also be posted in the library and in other public locations at the Borough's discretion. Posters regarding the program may be placed in retail businesses throughout the municipality.

Prior to commencement of the program and periodically thereafter, the Program Administrator may hold informational meetings on the program for all interested contractors. Each contractor will have the opportunity to apply for inclusion on 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 Municipal Housing Liaison serves as an initial point of contact for unsolicited calls to the municipality about affordable housing and to appropriately direct applicants to CME Associates, the Administrative Agent.
- The Administrative Agent implements the Borough's Affirmative Marketing Plan.
- The Administrative Agent 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 Administrative Agent will accept these returned pre-applications for a specific period of time, which shall be not less than 60 days. At the end of this time period these applications will be randomly selected, through a lottery, to create a pool of applicants.
- The Administrative Agent 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 Administrative Agent will interview the applicant households and proceed with the income qualification process.
- The Administrative Agent 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 all applicable documents, which shall be 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, property owner, affordable housing sponsor or property manager. 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 into the affordable rental unit.

## C. Roles and Responsibilities

### *Responsibilities of the Municipal Housing Liaison*

The Municipal Housing Liaison (“MHL”) 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 Municipal Housing Liaison 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 Municipal Housing Liaison include the following duties:

**Monitor the status of all restricted units in the municipality’s Fair Share Plan.** Regardless of any arrangements the municipality may have with one or more Administrative Agents, it is the Municipal Housing Liaison’s responsibility to know the status of all restricted units in the community.

**Serve as the municipality’s primary point of contact for all inquiries from the State, Administrative Agents, developers, affordable housing sponsors, owners, property managers, and interested households.** The Municipal Housing Liaison 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 and, where applicable, the name of the Administrative Agent that manages the units and the contact information for the Administrative Agent.

**Oversee annual reporting.** The MHL shall provide oversight over the preparation of the annual report by the Administrative Agent.

**Provide Administrative Services, unless those services are contracted out.** The responsibilities for providing administrative services are described in the next Section under, **Responsibilities of an Administrative Agent**.

### *Responsibilities of an Administrative Agent*

The primary responsibility of an Administrative Agent is to establish and enforce affordability controls and ensure that units in their portfolio are rented to eligible households. Administrative Agents must:

**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 Administrative Agent.**

**Create and adhere to an Operating Manual.** Administrative Agents 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 Administrative Agent is

responsible for implementing the Affirmative Marketing Plan adopted by the Borough. At the first meeting with the Municipal Housing Liaison, Administrative Agent, and the developer, affordable housing sponsor or owner this responsibility should be discussed. 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 or by referral from the Municipal Housing Liaison, interested households will contact the Administrative Agent. The Administrative Agent 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 Administrative Agent 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 Administrative Agent. A written determination on a household's eligibility must be provided within twenty (20) days of the Agent's determination of eligibility or non-eligibility. Whether or not the household is determined to be eligible for a unit, it is an Administrative Agent'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 Administrative Agent 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 Administrative Agent is their primary point of contact. The Administrative Agent must immediately inform all property managers and landlords of any changes to the Administrative Agent's contact information or business hours.

Property managers and landlords shall immediately contact the Administrative Agent:

- 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 the Administrative Agent releases the updated calculations of very low-, low- and moderate-income limits and calculates permissible rent increases, landlords and tenants must be notified of the new maximum rent that may be charged for each unit. The Administrative Agent's contact information must be included on such notification in case the tenant believes he/she is being overcharged.

**Serve as the custodian of all legal documents.** An Administrative Agent is responsible for

maintaining original of all legal instruments for the units in their portfolio. Throughout the duration of a control period, an Administrative Agent 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 Rental Certifications.

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

**Provide annual activity reports to Municipal Housing Liaison for use in annual monitoring and reporting of Trust Fund expenditures.** An Administrative Agent is responsible for collecting the reporting data on each unit in their portfolio.

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

**Help ensure compliance with P.L.2021, c.182, as it pertains to addressing lead-based paint hazards in rental units.** P.L.2021, c.182 imposes an obligation on municipalities to perform or hire a certified lead evaluation contractor to perform inspections of certain single-family, two-family, and multiple rental dwellings for lead-based paint hazards, at times specified in the law. The Administrative Agent and Rehabilitation Program Administrator shall coordinate with the appropriate municipal staff to help ensure that appropriate actions are taken in accordance with this law and maintain records of any actions taken. Please note that the Program is only intended to fund interim controls and does not fund full lead abatement. Funding from other sources may be utilized in conjunction with the Program funding to address any required lead abatement.

### ***Responsibilities of the Municipal Attorney***

The Municipal Attorney assists the municipality with developing, administrating, and enforcing affordability controls, including but not limited to providing all reasonable and necessary assistance in support of the Administrative Agent'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, the Municipal Housing Liaison, and the Administrative Agent is essential to ongoing administration of affordability controls. Although the Administrative Agent is required to serve as the primary point of contact with households, the Owner must provide the Municipal Housing Liaison and Administrative Agent with information on vacancies. Owners of rental units are also responsible for working with the Administrative Agent to ensure that the Municipal Housing Liaison has all necessary information to complete the annual DCA reporting.



## ***Responsibilities of Landlords and Property Managers***

Landlords and property managers must place a notice in all rental properties annually informing tenants of the permitted rent increase for the year and the contact information for the Administrative Agent.

## **Affirmative Marketing**

### ***Overview of the Requirements of an Affirmative Marketing Plan***

All affordable rental units in the Home Improvement Program are required to be affirmatively marketed using Tinton Falls Borough's Affirmative Marketing Plan. Owner-occupied affordable housing units in the Borough's Home Improvement Program are not required to be affirmatively marketed. Tinton Falls Borough's Affirmative Marketing Plan can be found under separate cover on file at Town Hall or with the Administrative Agent.

### ***Implementation of the Affirmative Marketing Plan***

The affirmative marketing process for affordable units shall begin at least four months prior to expected occupancy date of a rehabilitated rental unit that is going to be re-rented. In implementing the marketing program, the Administrative Agent shall undertake all of the strategies outlined in the Tinton Falls Borough's Affirmative Marketing Plan. Advertising and outreach shall take place during the first week of the marketing program and each month thereafter until the unit has been re-rented. Applications for affordable housing shall be available in several locations in accordance with the Affirmative Marketing Plan. The time period when applications will be accepted will be posted with the applications. Applications shall be mailed to prospective applicants upon request. An applicant pool will be maintained by the Administrative Agent for re-rentals. When a re-rental affordable unit becomes available, applicants will be selected from the applicant pool and, if necessary, the unit will be affirmatively marketed as described above. Please see the Borough's Affirmative Marketing Plan for required affirmative marketing procedures.

## **Matching Households to Available Units**

In referring certified households to specific restricted units, to the extent feasible, and without causing an undue delay in occupying the unit, the Administrative Agent shall strive to provide an occupant for each unit bedroom.

The Administrative Agent cannot require an applicant household to take an affordable unit with a greater number of bedrooms, as long as overcrowding is not a factor. A household can be eligible for more than one unit category, and should be placed in the applicant pool for all categories for which it is eligible.

## **Maximum Monthly Payments**

The percentage of funds that a household can contribute toward housing expenses is limited. However, an applicant may qualify for an exception based on the household's current housing

cost (see below). The Administrative Agent will strive to place an applicant in a unit with a monthly housing cost equal to or less than the applicant's current housing cost.

UHAC states that a certified household is not permitted to lease a restricted rental unit that would require more than 35 percent of the verified household income (40 percent for age-restricted units) to pay rent and utilities. However, at the discretion of the Administrative Agent, this limit may be exceeded if:

- The household currently pays more than 35 percent (40 percent for households eligible for age-restricted units) of its gross household income for rent and the proposed rent will reduce the household's housing costs;
- The household has consistently paid more than 35 percent (40 percent for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;
- The household is currently in substandard or overcrowded living conditions;
- The household documents the existence of assets, with which the household proposes to supplement the rent payments; or
- The household documents proposed third party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the Owner of the unit; and
- The household receives budget counseling.

### **Housing Counseling**

The Administrative Agent is responsible for or providing referrals for counseling, as a part of the Affirmative Marketing Plan and during the application process. Although housing counseling is recommended, a household is only required to attend counseling if their monthly housing expense exceeds UHAC standards. A HUD-approved housing counseling agency, or a counseling agency approved by the NJ Department of Banking and Insurance, meets UHAC's requirements for an experienced Housing Counseling Agency. The Agent will make referrals to one of the HUD-approved housing counseling agencies in New Jersey. This counseling to very low-, low- and moderate-income housing applicants will focus on subjects such as budgeting, credit issues, and mortgage qualification, and is free of charge. A list of non-profit counselors approved by HUD and/or the New Jersey Department of Banking and Insurance is included in the Affirmative Marketing Plan and is available from the Administrative Agent.

### **The Applicant Interview**

Ideally, the prospective applicant will be available to meet with the Administrative Agent to review the certification and random selection processes in detail and ask any questions they may have about the project or the process. As scheduling time off from work may prove burdensome to the applicant and as applicants may also have mobility issues or special needs that also pose an obstacle to an in-person interview, the Administrative Agent is prepared to complete the certification process via telephone, virtual meeting, electronic communication such as email, and traditional mail. If an interview is to be conducted, regardless of the mode of communication,

the Administrative Agent will attempt to achieve the following objectives:

- Confirm and update all information provided on the application.
- Explain program requirements, procedures used to verify information, and penalties for providing false information. Ask the head of household, co-head, spouse and household members over age 18 to sign the Authorization for Release of Information forms and other verification requests.
- Review the applicant's identification and financial information and documentation, ask any questions to clarify information on the application, and obtain any additional information needed to verify the household's income.
- Make sure the applicant has reported all sources for earned and benefit income and assets (including assets disposed of for less than fair market value in the past two years). Require the applicant to give a written certification as to whether any household member did or did not dispose of any assets for less than fair market value during the past two years.

### **Determining Affordable Rents and Rent Increases**

In establishing rents of re-rented rehabilitated units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the most recently published regional weighted average of the uncapped Section 8 income limits published by the Department of Housing and Urban Development ("HUD") and using the calculation procedures approved by the Court as set forth below. The income limits shall be updated by the Administrative Agent annually within 30 days of the publication of the Regional Income Limits by AHPNJ, which are based upon HUD's determination of median family income for a family of four for that year as follows:

1. Regional income limits shall be established for the region that the Borough is located within based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the Borough's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year. Regional Income Limits provided by AHPNJ, the State of New Jersey or such other entity recognized by the State of New Jersey as the

designated entity to provide the Regional Income Limits, may be utilized to fulfill the purpose of this paragraph.

2. The income limits are the result of applying the percentages in paragraph 1 above to HUD's determination of median income for the fiscal year.
3. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)(3) shall be calculated by the Borough annually by taking the percentage increase of the income limits as noted within paragraph 1 above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.
4. In establishing rents of rehabilitated affordable housing units, the Borough's administrative agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above. The rent levels of very low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed nine percent in any one year.

The maximum rent for any restricted rental unit shall be affordable to a household earning no more than 60 percent of the median income, and the average rent for all restricted rental units in a single project shall be affordable to households earning no more than 52 percent of median income.

In buildings or for units that are vacant at the time of the rehabilitation, the Administrative Agent shall establish the initial affordable rent levels for the rehabilitated units. At least 50 percent of the affordable units and at least 50 percent of the affordable units within each bedroom distribution (unit size) must be low-income units. The remainder of the affordable units shall be moderate income units. At least 13 percent of all affordable rental units must be very low-income units, affordable to households earning no more than 30 percent of the regional median income, which very low-income units shall be included as part of the low-income requirement. The initial rents of rehabilitated rental units in buildings that are vacant at the time of the rehabilitation shall be structured such that there is at least one rent for each size unit (bedroom distribution) among the low-income units and one rent for each size unit (bedroom distribution) among the moderate-income units.

In determining the initial rent level for a deed-restricted rehabilitated unit, the following standards shall be used:

1. A studio shall be affordable to a one-person household;
2. A one-bedroom unit shall be affordable to a one and one-half person household;
3. A two-bedroom unit shall be affordable to a three-person household;
4. A three-bedroom unit shall be affordable to a four and one-half person household; and
5. A four-bedroom unit shall be affordable to a six-person household.

The initial rent for a restricted rehabilitated rental unit shall be calculated so as not to exceed 30 percent of the eligible monthly income of the appropriate size household, including an allowance

for tenant paid utilities, as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that in buildings containing multiple qualified rental units, the rent shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented. Once an affordability level (very low, low or moderate) has been established for a particular unit based upon the income of the qualifying tenant household at the time of the rehabilitation, the unit shall be deed-restricted at that affordability level, and all subsequent tenant households shall be within the same income range (very low, low or moderate) for the duration of the affordability controls on the restricted unit.

**Home Improvement Program Checklist**  
for Owner-Occupied Units

<input type="checkbox"/>	<b>UP-TO-DATE OPERATING MANUAL</b>	<b>Comments</b>
<input type="checkbox"/>	Income Limits	
<input type="checkbox"/>	List of Pre-Qualified Contractors	
<input type="checkbox"/>	Sample Forms and Letters	
	<b>MAINTENANCE OF RECORDS</b>	
	<b>Files To Be Maintained on Every Applicant</b>	
<input type="checkbox"/>	Preliminary Application	
<input type="checkbox"/>	Application Form	
<input type="checkbox"/>	Income Verification	
<input type="checkbox"/>	Letter of Certification of Eligibility or	
<input type="checkbox"/>	Letter of Determination of Ineligibility.	
	<b>Files to be Maintained on Every Property</b>	
<input type="checkbox"/>	Housing Inspection Report.	
<input type="checkbox"/>	Photographs – Before Certification of Property	
<input type="checkbox"/>	Homeowner’s Insurance	
<input type="checkbox"/>	Property Deed, including any applicable deed restriction	
<input type="checkbox"/>	Eligibility or Determination of Ineligibility	
<input type="checkbox"/>	Work Write-Up/Cost Estimate.	
<input type="checkbox"/>	Applicant/Contractor Contract Agreement.	
<input type="checkbox"/>	Mortgage/Lien Documents.	
<input type="checkbox"/>	Copies of All Required Permits.	
<input type="checkbox"/>	Contractor Requests for Progress Payments.	
<input type="checkbox"/>	Progress Payment Inspection Reports.	
<input type="checkbox"/>	Progress Payment Vouchers.	
<input type="checkbox"/>	Change Orders (If Needed).	
<input type="checkbox"/>	Final Inspection Report.	
<input type="checkbox"/>	Photographs - After	
<input type="checkbox"/>	Certification of Completion.	
<input type="checkbox"/>	Certification of Release of Contractor’s Bond.	
<input type="checkbox"/>	Rehabilitation Log	
	<b>MONITORING INFORMATION</b>	
<input type="checkbox"/>	Complete Monitoring Reporting Forms	
	<b>PROGRAM MARKETING</b>	
<input type="checkbox"/>	Annual Public Hearing Notice on Program	
<input type="checkbox"/>	Program Flyer	
<input type="checkbox"/>	Program Brochure	
<input type="checkbox"/>	Flyer mailed Annually to All Property Owners	
<input type="checkbox"/>	Program information available in municipal building.	
<input type="checkbox"/>	Program information posted in library and senior center.	
<input type="checkbox"/>	Program information posted on municipal website.	
<input type="checkbox"/>	Program posters placed in retail businesses throughout the municipality.	

**Home Improvement Program  
Program Checklist for Rental Units**

<input type="checkbox"/>	<b>UP-TO-DATE OPERATING MANUAL</b>	<b>Comments</b>
<input type="checkbox"/>	Income Limits	
<input type="checkbox"/>	Sample Forms and Letters	
<b>AFFIRMATIVE MARKETING</b>		
<input type="checkbox"/>	Copies of Ads	
<input type="checkbox"/>	Copies of PSA Requests	
<input type="checkbox"/>	Copies of Marketing Requests	
<b>RANDOM SELECTION</b>		
<input type="checkbox"/>	Log of Applications Received	
<input type="checkbox"/>	Log of Random Selection Results	
<input type="checkbox"/>	Database of Referrals	
<b>MAINTENANCE OF RECORDS</b>		
<b>Files To Be Maintained on Every Applicant</b>		
<input type="checkbox"/>	Preliminary Application.	
<input type="checkbox"/>	Application Form.	
<input type="checkbox"/>	Tenant Information Form	
<input type="checkbox"/>	Income Verification	
<input type="checkbox"/>	Letter of Certification of Eligibility or	
<input type="checkbox"/>	Letter of Determination of Ineligibility	
<b>Files To Be Maintained on Every Rental Unit</b>		
<input type="checkbox"/>	Base rent	
<input type="checkbox"/>	Identification as very low-, low- or moderate-income	
<input type="checkbox"/>	Description of number of bedrooms and physical layout	
<input type="checkbox"/>	Floor plan	
<input type="checkbox"/>	Application materials, verifications and certifications of	
<input type="checkbox"/>	all present tenants, pertinent correspondence	
<input type="checkbox"/>	Copy of lease	
<input type="checkbox"/>	Appendix K	
<input type="checkbox"/>	Records regarding any actions taken in accordance with P.L.2021, c.182 as it pertains to lead-based paint hazards and any required interim controls.	
<b>Files To Be Maintained on Every Property</b>		
<input type="checkbox"/>	Deed, including any applicable deed restriction	