

Township of Toms River

HOUSING REHABILITATION PROGRAM

Polices & Procedures Manual

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HOUSING REHABILITATION PROGRAM

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HOUSING REHABILITATION PROGRAM

Policies & Procedures Manual

I. INTRODUCTION

The Township of Toms River has established a housing rehabilitation program to assist income-eligible owners of single-family homes and landlords of units occupied by income-eligible renters in the correction of existing interior and exterior health, safety and code violations of municipal code and in conformity with federal HUD Handbook Chapter 10 Housing Quality Standards and the N.J. Uniform Construction Code (UCC) Rehabilitation Subcode N.J.A.C. 5:23-6. The purpose of this manual is to document the policies, guidelines and procedures which will govern the Toms River Housing Rehabilitation Program (HRP).

The Township HRP is funded through the Entitlement Community Development Block Grant (CDBG) Program of the United States Department of Housing and Urban Development (HUD), which is subject to HUD Part 570 laws and regulations for Community Development Block Grants. Additional funding may be provided through other Federal Programs such as the HOME Partnership Program and available state and local programs and sources including the Toms River Township Affordable Housing Trust Fund. HRP funds are used to provide zero percent forgivable loans to eligible homeowners for the purpose of providing decent, safe and sanitary living conditions in owner-occupied homes through housing rehabilitation activities. HRP funds are also available to landlords of rental housing units occupied by income-qualified households.

The Township of Toms River is seeking rehabilitation credit for units rehabilitated through this program to address its fair share obligation. To that end, the HRP is also guided by N.J.A.C. 5:93-5.2 and is subject to laws, regulations, ordinances, and codes of the New Jersey Department of Community Affairs (DCA) Council on Affordable Housing (COAH) as it pertains to housing rehabilitation. These requirements include sufficient property equity, at least one substandard major system, bring a substandard unit up to code, DCA Housing Region income limits, and income determination pursuant to the Uniform Housing Affordability Controls (UHAC) for the units to submit for rehabilitation credit.

When there is a difference between HUD and COAH/UHAC rules and guidelines, the Program will apply the more restrictive requirement unless it is decided not to seek rehabilitation credit for that particular unit.

A. FAIR HOUSING AND EQUAL HOUSING OPPORTUNITES

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 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.

II. ELIGIBLE PARTICIPANTS

A. PROGRAM AREA

The Program is available to scattered site homeowner occupied and renter-occupied housing Township-wide. However, the Township has established the census block groups designated by the U.S. Department of Housing and Urban Development as “low income block groups” as a program priority target area under the assistance needs rating criteria for application selection. Additional priority target areas may be designated as program resources and resident participation may dictate. Also, targeting provisions which may be required and/or included in approvals of funding for rehabilitation from state or federal agencies shall form a separate prioritization provision if adopted by the Township.

B. CATEGORIES OF PARTICIPANTS

Single family owner-occupied homes are eligible to receive funding for rehabilitation provided that it is their primary residency. The household is determined eligible according to the income requirements and other requirements listed in this manual.

Owners of rental housing units may receive assistance to fund the tenant-occupied housing unit(s) and a prorated portion of common area and exterior rehabilitation of their property provided that the occupant tenant household or, if vacant, the tenant household which subsequently occupies the unit is income-qualified and there is compliance with all program provisions as set forth below. The owner-occupied units in/on these properties are also eligible provided that the owner-occupant is similarly determined to be eligible according to the income requirements and other requirements listed in this manual.

C. INCOME LIMITS

Household income is defined as the combined gross annual income of all family members over 18 years of age including wages, Social Security, disability insurance, unemployment insurance, pensions, alimony, dividend/interest income, income from other assets, etc. Each unit's total household income must fall below the HUD Section 8 low income limits and/or the DCA Housing Region 4 moderate income limits based on family size as follows.

Table 1: 2017 HUD income limits and DCA Housing Region 4 Income Limits

(updated annually)

Household Size	HUD Low Income Limit	DCA Housing Region 4 Moderate Income Limit
1	\$48,450	\$52,817
2	\$55,400	\$60,363
3	\$62,300	\$67,908
4	\$69,200	\$75,454
5	\$74,750	\$81,490
6	\$80,300	\$87,526
7	\$85,850	\$93,562
8	\$91,350	\$99,599

The HUD maximum low income limits are based on 80% of the median income in Ocean and Monmouth Counties. The income limits for DCA Housing Region 4 are based on 80% median income figures for the region (Mercer, Monmouth and Ocean Counties). The Program Administrator will ensure that this chart is updated whenever adjustments to these income figures become available. However, since the 2015 NJ Supreme decision declaring COAH nonfunctioning, local court vicinages are approving income, sales and rental increases using similar methodologies that were employed by COAH. The plan for properly amending median incomes and rental increases every year going forward until or unless COAH or another state entity becomes functional again is also included in Appendix A at the end of this manual.

When there is an income limit difference between HUD and DCA Housing Region 4 income limits, the Program will apply the more restrictive limit to ensure the household meets the income limit requirement of both sets of income guidelines. In 2017, the HUD income limits were more restrictive.

D. ASSISTANCE NEED RATING CRITERIA

The Township anticipates it may receive requests for housing rehabilitation program assistance which will exceed its immediate administrative capacity and/or available funds for the program. Therefore, to provide for equitable distribution of funds, the following prioritization procedures shall be followed:

Pre-applications submitted to the Township for assistance will be periodically evaluated in accordance with the following assistance need rating criteria:

1. Threshold Criteria

Pre-applicants must meet three basic threshold criteria regardless of rating points assigned or which could be assigned to be considered for assistance as follows:

- a. The pre-applicant may not have previously received housing rehabilitation assistance from the Township.
- b. The preliminary structural condition rating of the property must be at least four (4) points.
- c. For owner-occupied units, the applicant must have been the owner and occupant of the property as a primary residence for which assistance is sought for a minimum of one year prior to submission of a pre-application and/or application for housing rehabilitation assistance.

2. Structural Condition

Preliminary information on home improvement needs will be requested and may be verified with a preliminary inspection. The structural condition of property to be assisted shall be preliminarily evaluated in accordance with the following schedule:

Point Rating Assessment	Point Rating	
	Exterior (drive by inspection)	Interior (by appointment)
	Always Performed	Performed only if Exterior < 3

Standard	1	1
Minor Deficiency	2	2
Moderate Deficiency	3	3
Major Deficiency	4	4

3. Other Factors

A maximum of four (4) points may be assigned to a pre-applicant with one point assigned for each of the following four (4) factors which may apply:

- a. Female Head of Household
- b. Property in Targeted Area (as per section II.A)
- c. Elderly Head of Household
- d. Disability accessible work item needed

III. ELIGIBLE ACTIVITIES

STRUCTURAL CONDITION CONSIDERATIONS

Assistance for selected applicants will be for activities which are designed to correct primary code violations which affect the health and safety of occupants of the unit, or which are related to the weather tightness of the structure. This determination shall be made based on information included in the pre-application and application and the subsequent inspection and determination of the housing rehabilitation Program Administrator.

A. Eligible Improvements

The purpose of the program is to provide financial assistance to bring substandard housing up to a decent, safe and sanitary condition per federal Housing Quality Standards (HUD Chapter 10) as well as be in compliance with the local Township Health Ordinance, Township municipal property maintenance code, if applicable and the New Jersey Uniform Construction Code Rehabilitation Subcode 5:23-6. To satisfy the requirement for rehabilitation credit to address the Township's fair share obligation, in order to qualify for participation in the program, the condition of each home must be certifiable as being "substandard" as defined in N.J.A.C. 5:93-1.3.

In other words, at least one of the following major systems must be in need of replacement or substantial repair:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Lead paint hazard remediation

- 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 repair
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

Priority consideration will be given to rehabilitation improvements designed to correct primary code and housing quality standards violations which affect the health and safety of occupants of the unit or which are related to the weather tightness or structural integrity of the structure.

Regarding Appliances: Program funds may be used to replace stoves only when such replacement is necessary for the health and safety of the residents of the assisted unit. Air conditioning will be considered for funding only upon receipt of a medical doctor's certification that air conditioning is necessary to the health of an occupant due to a specified physical illness. Replacement stoves and air conditioning units shall be a builder's quality base type unit and in instances of replacement, the replacement shall be determined to be the most cost effective method available to remedy the health and safety hazard condition. The purchase and installation of free standing appliances is eligible when all of the following conditions are met:

- Cost to repair the appliance is equal or more costly than to replace the appliance.
- Repair of the appliance will extend the life of the appliance by less than two years.
- Installation of such appliances conforms to local market demand and is comparable to unassisted homes in the local housing market.

Appliances purchased through HRP must meet the following standards:

- Stoves, Ranges and Ovens
 - Self-cleaning models
- Central Air Conditioners
 - Energy Star

Radon remediation is an eligible improvement; however, the homeowner or landlord must prove that the radon levels are at 0.4 pCi/L or higher via the use of a long term (90 day) home test kit or certified test results provided by a radon remediation contractor.

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. Rehabilitation work performed by property owners shall not be funded under this program.

C. Rehabilitation Standards

Funds are to be used for work and repairs required to correct housing deficiencies and make the unit standard in compliance with HUD's Housing Quality Standards or the Rehabilitation Subcode, N.J.A.C. 5:23-6, (of which the more restrictive requirements will apply), conserve energy and remove health and/or safety hazards; and any other work or repairs, including finishing and painting, which are directly related to the above listed objectives. For projects that require construction permits, the rehabilitated unit(s) shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

To be eligible for rehabilitation credit to address the Township's fair share obligation, municipal rehabilitation investment for hard costs shall average at least \$10,000 per unit, and include the rehabilitation of at least one major system, as previously defined under eligible improvements.

D. Certifications of Substandard/Standard

The Municipal Code Official and/or the Program Building Inspector will inspect the property to determine which systems, if any, are substandard in accordance with sub-section A above and issue a Certification of Substandard. Upon program construction completion, 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 municipal certificate of completion/approval to receive rehabilitation credit for the unit.

IV. FUNDING TERMS FOR OWNER-OCCUPIED AND INVESTOR-OWNED UNITS

A. Funding will be provided on the following terms:

Type of Dwelling Unit	Terms and Conditions of Loan – Owner-Occupied Single Family	
Owner-Occupied Single Family	Maximum Loan Amount	\$22,000
	Interest Rate	0% No monthly payment
	Payment Terms:	100% forgivable if homeowner maintains occupancy and title during the 10 year period. Original Principal is due if house is sold and/or title/occupancy changes years 1 through 10 except for allowable conditions under Exceptions to Loan Repayment Terms below.
	Mechanism for Securing Loan	Mortgage and Mortgage Note recorded against property

If the owner decides to sell the property, transfer title, or if the owner should die before the terms of the lien expire, the owner, heirs, executors or legal representatives must repay the loan according to the schedule above upon a title change. If the transfer of title occurs before the ten year period, 100% of the original loan will be due. Rental of the house is allowable under certain conditions subject to the approval of the Administrative Agent.

Exceptions to Loan Repayment Terms above during the lien period:

1. If the loan transfers due to inheritance by an income-eligible 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 tUHAC at N.J.A.C. 5:80-26.1 et seq. 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 UHAC to an investor who assumes the lien and signs a deed restriction for the remaining duration of the affordability 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 Township's Administrative Agent will be responsible for monitoring compliance over that unit.

Type of Dwelling Unit	Terms and Conditions of Loan – Owner-Occupied Multi-Family	
Owner-Occupied Multi Family	Maximum Loan Amount	\$18,000 per unit
	Interest Rate	0% No monthly payments
	Payment Terms:	100% forgivable for all rental units, if remains in compliance throughout the ten-year deed restriction period. Additionally, if the owner-occupied unit is eligible and participates, then that portion of the loan will also be 100% forgivable as long as the owner maintains occupancy during the ten year period. Original Principal is immediately due if not in compliance with rental affordability controls. Rental restrictions on the rental unit(s) transfer with property. See Restrictions below.
	Mechanism for Securing Loan	Mortgage, Mortgage Note, and Deed Restriction recorded against property

Assisted unit(s) must be occupied by, and affordable to a household(s) that is(are) certified as low or moderate income as per the latest Low and Moderate Income Limits for DCA Housing Region 4, or in compliance with the Township's Settlement Agreement and Court Order, when applicable.

The Owner will execute a Mortgage, Mortgage Note, and Deed Restriction, the latter which guarantees the continued availability of the rental unit to low or moderate income households for the terms of the ten year deed restricted affordability period. The affordability terms for the rental units do not expire even in the event that the Owner sells the property, transfers title to the property, or dies within the ten-year program deed restricted affordability period.

Moreover, if Program funds were expended on the owner-occupied unit, and the Owner sells, transfers title, dies or is not in compliance during the ten year deed restricted affordability period, unless ownership is transferred to another low or moderate income Owner, any Program funds expended on work done on the Owner's individual unit along with a pro-rata portion of the shared improvements must be fully repaid to the Township and used to rehabilitate another housing unit.

Additionally, for rental units in a multi-family owner-occupied home, the maximum permitted rent is determined pursuant to UHAC and subject to annual adjustment. 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 on affordability, the Deed Restriction shall require the unit to be rented to a very low, low or moderate income household at an affordable rental price and will be affirmatively marketed in accordance with the Township of Toms River Affirmative Marketing Plan. Piazza & Associates, Inc. will be presumed to be the Administrative Agent for new affordable sale and rental properties in the Township.

Type of Dwelling Unit	Terms and Conditions of Loan – Investor-Owned Single or Multi-Family Rental Property	
Investor-Owned Single- or Multi-Family	Maximum Loan Amount	\$16,000 per rental unit
	Interest Rate	0% No monthly payments
	Payment Terms:	Owner pays 20% of rehabilitation cost at construction agreement signing. 80% balance is forgivable if in compliance with rental restrictions. The 20% rehab cost is waived for non-profit corporation rentals. Rental restrictions transfer with property during the ten year deed restriction period. See Restrictions below.
	Mechanism for Securing Loan	Mortgage, Mortgage Note, and Deed Restriction recorded against property

The ten year affordability controls against the property will be recorded in a Deed Restriction. The property owner agrees to abide by the rental affordability controls for the life of the Deed Restriction. Additionally, the assisted housing unit(s) is(are) occupied by and affordable to a household that is certified as a low or moderate income household as per the latest Low and Moderate Income limits for DCA Housing Region 4 and as designated by unit in the Deed Restriction. The maximum permitted rent is determined by the Township's Administrative Agent and is pursuant to UHAC and subject to annual adjustment.

Throughout the ten year affordability controls, if a rental unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of

controls on affordability, the Deed Restriction shall require the unit to be rented to a low or moderate-income household (as designated by unit in the Deed Restriction) at an affordable price and will be affirmatively marketed in accordance with the Township of Toms River Affordable Housing Affirmative Marketing Plan by the Township's Administrative Agent at the rates and terms defined within that Agreement. Landlords are responsible to pay income certification fees and affirmative marketing costs for re-rentals. Existing affordable rental properties that participate in this program, and are already using another approved Administrative Agent may choose to continue to do so. The approved Administrative Agent will provide the Township or its appointed Administrative Agent with all requested information as may be required for reporting or oversight purposes.

The Owner will execute a Mortgage, Mortgage Note and Deed Restriction, the latter of which will guarantee the continued availability of the unit to low or moderate income households for the terms of the ten-year lien affordability period.

B. Supplemental Rehabilitation Assistance

The Township of Toms River recognizes that in certain instances, the basic rehabilitation assistance described above may not provide adequate funds to address all code and housing quality standards deficiencies as required by this program. Therefore, supplemental funds may be made available on a case by case basis as part of the program loan for terms equal to the basic assistance loan. In cases of severe need:

The Program will get confirmation of whether or not the property owner can contribute personal funding.

The Program reserves the right to make an exception and allow the expenditure of up to an additional \$2,999 per unit to address code violations. Individual files will be reviewed on a case-by-case basis.

If needed, the Program will attempt to partner with other possible funding sources.

The Program may forward properties needing more than the program funding limit to the Ocean County HOME program.

C. Use of Recaptured or Unused Program Funds

In the event that all or a portion of the assistance approved for use by an applicant is not used for the purpose of completing approved housing rehabilitation activities or if funds are recaptured during the program lien period due to non compliance or resale, the funds shall be placed into the Township Housing Rehab account and used for the purpose of completing other housing activities, being disbursed as the same terms as the original program.

V. IMPLEMENTATION PROCESS

A. Pre-application Acceptance

The Township will accept pre-applications on a continuous year round basis, and will process pre-applications in the earliest funding cycle possible. Pre-applicants will be selected from the waiting list in conformity to the established assistance need rating criteria rank order of the waiting list (Section II.D)

B. Application Selection

1. Interested applicants shall prepare and submit a pre-application form to allow the housing rehabilitation Program Administrator to complete a preliminary case review.
2. Pre-applications which appear to meet program guidelines will be placed on a waiting list in the chronological order in which pre-applications are received.
3. Pre-applications which do not meet program guidelines will be placed in an inactive file and the pre-applicant will be notified of the reason(s) the request is not being processed. Pre-applicants so notified may reapply if deficiencies in their pre-application are corrected.
4. Pre-applications on the active waiting list will be periodically reviewed, rated and ranked by the Program Administrator in accordance with the assistance need rating criteria based on a municipal drive by inspection (of roof, windows, doors, etc) and potentially a pre-scheduled interior inspection to rank need. Additionally ranking consideration priority is given to senior citizens and female head of household.
5. Pre-applicants will be selected from the waiting list in conformity to the assistance need rating rank order of the waiting list for preliminary case review.
6. The housing rehabilitation Program Administrator will notify the pre-applicant of the results of the preliminary case review and if the pre-applicant appears eligible for assistance and priority processing, an interview appointment date will be scheduled.

C. Removal from Waiting List

Pre-applicants will be notified by the Program Administrator at such time as their request for assistance is to be processed in accordance with program policy and procedures. Notification shall consist of the following as necessary to elicit an applicant response.

1. Correspondence via first class mail indicating the assistance request is to be processed and requesting a response to establish an interview appointment within 14 days.
2. Second notification via first class mail requesting a response within 10 days.
3. A third notification via certified mail requesting a response within 10 days.

At each stage regular attempts to initiate contact via telephone will also be made.

Similarly, these notices will be provided in the event an applicant fails to provide required program documentation.

An applicant who fails to respond to the above three notices shall be removed from further consideration unless the applicant reapplies for assistance. Such a reapplying applicant shall be placed at the bottom of the then current waiting list and must await a subsequent assistance need rating determination for their sequential turn to be established for processing for assistance.

D. Application/Interview

The housing rehabilitation Program Administrator will notify the applicant of the results of the pre-application and assistance need rating criteria review (Section II.D). If the applicant appears eligible for assistance and priority processing, an interview appointment date will be scheduled. At the interview meeting with the housing rehabilitation Program Administrator, a formal application will be completed, confidential, personal, and financial data will be collected and approval to secure third-party verification must be authorized by the applicant.

E. Eligibility Certification

In order to be eligible for assistance, households in each unit to be assisted must be determined to be income eligible. All adult members, 18 years of age and older, of the household must be fully certified as income-eligible before any assistance will be provided by the Program. The HRP will income qualify applicants in accordance with HUD Section 8 Part 5 income determination method and, for rehabilitation credit, with UHAC at N.J.A.C. 5:80-26.1 et seq., except for the asset test.

Household Size	HUD Very Low Income Limit	HUD Low Income Limit	DCA Housing Region 4 Very Low Income Limit	DCA Housing Region 4 Low Income Limit	DCA Housing Region 4 Moderate Income Limit
1	\$32,900	\$48,450	\$19,807	\$33,011	\$52,817
2	\$37,600	\$55,400	\$22,636	\$37,727	\$60,363
3	\$42,300	\$62,300	\$25,466	\$42,443	\$67,908
4	\$47,000	\$69,200	\$28,295	\$47,158	\$75,454
5	\$50,800	\$74,750	\$30,559	\$50,931	\$81,490
6	\$54,550	\$80,300	\$32,822	\$54,704	\$87,526
7	\$58,300	\$85,850	\$35,086	\$58,476	\$93,562
8	\$62,050	\$91,350	\$37,349	\$62,249	\$99,599

HUD's very low income category and low income category for DCA Housing Region 4 are based on 50% of the median income for their respective income limits calculations. Likewise, HUD's low income category and moderate income category for DCA Housing Region 4 are based on 80% of the median income for their respective income limits calculations.

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.

1. What is Considered Income: HUD's Section 8 Part 5 Requirements

The following sources of income will be included in the income eligibility determination for each household:

Sources Considered Income	Statement from HUD 24 CFR 5.609 paragraph (b) (April 1, 2004)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> • Qualify as assistance under the TANF program definition at 45 CFR 260.31; and • Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> • the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <i>plus</i> • the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	<ul style="list-style-type: none"> • Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

2. What is Not Considered Income per HUD

The following income sources are not considered income and will not be included in the income eligibility determination.

Sources Considered Income	Not	Statement from HUD 24 CFR 5.609 paragraph (c) (April 1, 2004)
1. Income of Children	of	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Care	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income		Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property .
4. Medical Expense Reimbursements		Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides		Income of a live-in aide (as defined in 24 CFR 5.403).
6. Disabled Persons		Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
7. Student Financial Aid		The full amount of student financial assistance paid directly to the student or to the educational institution.
8. Armed Forces Hostile Fire Pay		The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income		<ul style="list-style-type: none"> • Amounts received under training programs funded by HUD. • Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). • Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. • Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time. • Incremental earnings and benefits resulting to any family member from participation

Sources Considered Income	Not	Statement from HUD 24 CFR 5.609 paragraph (c) (April 1, 2004)
		in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
10. Gifts		Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparations		Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students		Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption Assistance Payments		Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income		Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds		Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care Assistance		Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Exclusions	Federal	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> • The value of the allotment made under the Food Stamp Act of 1977; • Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); • Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; • Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs; • Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); • Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments; • The value of any child care provided or arranged (or any amount received as

Sources Considered Income	Not Statement from HUD 24 CFR 5.609 paragraph (c) (April 1, 2004)
	<p>payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;</p> <ul style="list-style-type: none"> • Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps); • Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; • Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and • Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

3. What is Considered Income: COAH/UHAC requirements

The following income sources are considered income and will be included in the income eligibility determination.

- 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 (Temporary Assistance For Needy Families)
- 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

4. What is Not Considered Income: COAH/UHAC requirements

The following income sources are not considered income and will not be included in the income eligibility determination.

- 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

5. How to Verify Income According to COAH/UHAC

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

- 1) 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.
- 2) A signed copy of regular IRS Form 1040 (Tax computation form), 1040A or 1040EZ (as applicable) and state income tax returns filed for the last three years prior to the date of interview or notarized tax waiver letter for respective tax year(s)- A Form 1040 Tax Summary for the past three tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.
- 3) If applicable, 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 -TANF¹ current award letter
 - Disability - Worker’s compensation letter or
 - Pension income (monthly or annually) – a pension letter
- 4) 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 (includes separation agreement or divorce papers) or education scholarship/stipends – current award letter;
 - 5) Reports from the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing savings and checking accounts (bank statements and passbooks), trust funds, money market accounts, certificate of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates). Examples include copies of all interest and dividend statements for savings accounts, interest and non-interest bearing checking accounts, and investments;
 - 6) Evidence or reports of income from directly held assets, such as real estate or businesses owned by any household member 18 years and older.
 - 7) Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.
 - 8) 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.

6. Additional Income Verification Procedures: COAH/UHAC Requirement

a. 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.

b. 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 Program Administrator should determine the imputed interest from the value of the property. The Program Administrator 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.

7. Other Eligibility Requirements for both HUD and COAH/UHAC

Applicant to submit the following in the application package:

- Copy of current homeowner's insurance declarations page (not the policy or receipt).
- Proof of flood insurance, if property is located in a flood zone. The property location will be reviewed to determine if it is in a flood hazard zone. Properties within the 100 year flood hazard boundary will be required to have flood insurance.
- Recorded deed to the property to be assisted;
- If you are a widow or widower, copy of Death Certificate should be included;
- Copy of your most current property tax assessment;
- Receipt for property taxes.
- Signed Eligibility Release form;
- Proof that all mortgage payments are current; and
- Copy of any and all other liens recorded against the property.
- Social Security number for each household member. If a household member does not have a Social Security number, then provide alien registration card.

Copy of driver license or N.J. picture ID for each adult household member.

8. Requirements of Utilities & Taxes Paid Current

All applicants' water/sewer and tax accounts must be paid current. The Program reserves the right to make an exception to the requirement of paid up tax and/or water and/or sewer accounts. Individual files will be reviewed on a case-by-case basis. Upon approval by the appropriate municipal officials and the Program, a Special Needs Eligibility Requirements Waiver may be issued.

9. Sufficient Equity (COAH/UHAC requirements)

Additionally, to be determined eligible, there must be sufficient equity in the home to cover the program lien plus the total of other liens. In other words, the market value of the house must be greater than the total of the liens combined. The Township may consider a Special

Needs Waiver approved by the municipality on a case-by-case basis for limited equity, but not for negative equity.

a. Eligibility Certification

After the Program Administrator has determined that the household is income eligible and meets all other eligible requirements, the Program Manager will complete and sign the Eligibility Certification. This certification is valid for six months starting from date of eligibility certification. A Construction Agreement must be signed within this time period. If not, the Program Administrator must reevaluate the household's eligibility.

After the household is certified as income eligible, the Owner/Program Agreement will be executed between the owner and the program.

b. Housing Inspection/Substandard Certification/Work Write Up/Cost Estimate

Upon verification of the applicant's eligibility and need for assistance, an appointment will be made to complete a comprehensive inspection of the housing unit. After the property inspection, the housing rehabilitation Program Administrator will prepare a housing rehabilitation report, work write-up and cost estimate.

The inspection is to determine what work items are necessary. Photos will be taken at the comprehensive inspection to document existing conditions. As a result of the comprehensive inspection, the Program Inspector will prepare a work write-up and cost estimate. All repairs needed to bring the home up to code will be identified. To the extent that the budget may permit, home weatherization will also be included. This work write-up will include a breakdown of each work item by category and by location in the house. The work write-up will contain information as to the scope of work and specifics on materials such as type, quantity and cost. Wherever practicable, the rehabilitation Program Administrator shall include a material cost allowance as well as a quality reference in construction specifications for all major fixtures and equipment. These material cost allowances will be provided for such items as electrical fixtures, appliances, cabinets, floor covering and similar items. Any upgrade from these cost allowances will be at the owner's expense.

A total cost estimate will be calculated for each housing unit. In the event that not all items can be accomplished due to program funding caps, the Program Inspector will establish a priority repair system which addresses the code violations before the non-code violations. The HRP's policy is to create Work Write-Ups and Cost Estimates that fall within the HRP funding caps. In unusual hardship cases and when the cost to correct all code violations exceed the program funding limit, the HRP will seek the owner's monetary contribution and if the owner is unable to contribute funds, the HRP will request additional funds from the Township of Toms River.

For houses built prior to 1978, refer to Section VII Lead Base Paint (LBP) Provisions.

The inspection and work write-up process shall include the participation of the Township building department staff and the Township's rehabilitation program inspector as follows:

1. A detailed property inspection will be completed by the Program Administrator and a work write-up, including construction specifications, will be prepared based on that inspection.

2. The property inspection will include a Township code review by the Program Administrator prior to finalizing the work write-up.
3. The final work write-up will then be reviewed with the owner.
4. The Township building department staff will complete all regular progress inspections normally required by Township codes and upon completion of rehabilitation issue appropriate inspection reports and completion certificates.
5. Program files shall include a copy of required permits before a contractor proceed order is issued and evidence of final code inspections or completion certificates before final payment is made to the contractor.

c. Contractor Selection

The owner, with the approval of the Program Administrator, will select the contractor. After the owner and/or tenant(s) and the residence have been certified as eligible, the Program Administrator will provide the owner with a copy of the work write up and the list of Program contractors. The owner will complete the Work Write-Up Review Form indicating review and approval of the work write-up and advising of any contractors currently on the Program contractor list that the owner does not wish to have notified of the availability of the bid package. If the owner wishes to solicit a bid from a contractor not currently on the Program contractor list, the owner will provide the contractor's name, address and telephone number on the Work Write-Up Review Form. Any contractors that have not been previously qualified are eligible to participate but must submit their qualifications as well as their bid in the bid package.

The Program Administrator will notify at least three (3) currently active contractors that a bid package for the property is available. Each contractor must contact the Program Administrator to obtain a full bid package. The bidding contractors must make arrangements directly with the owner for the bid site inspection. The contractor must submit a sealed bid to the Program Administrator by the submission deadline. All submitted bids will be opened and recorded by the Program Administrator at a meeting open to all interested parties.

In the event the required construction involves \$5,500 or less in cost as estimated by the Program Administrator, three informal quotes may be solicited by the Administrator provided:

- The Program Administrator determines this procedure to be the most appropriate means of securing a contractor.
- The property owner concurs in this alternative.
- The Program Administrator fully documents the bid solicitation process.

The maximum number of open construction contracts funded by the HRP which may be held by a single contractor and/or its subsidiaries shall be one (1) contract the first time a contractor is the successful bidder/estimator of program projects. This restriction is established to provide the program an opportunity to assess the contractor's capacity and qualifications through actual construction experience. Otherwise the maximum number of open construction contracts administered by the HRP which may be held by a single contractor and/or its subsidiaries shall be three (3) contracts.

In the event the low bid for a construction contract is provided by a contractor who has or will have as a result of being low bidder more than three (3) open contracts, the construction contract will be awarded to the next lowest responsible bid. This limitation has been established to:

1. Maintain an open competitive bidding procedure which will broaden the base of contractor participation and reduce the potential for a single contractor to eliminate competitive contractors from the process.
2. Reduce the potential for extensive construction delays which may result from contractors securing contracts in excess of their capacity to perform over the short term.

Should the low bid appear to be acceptable with the exception of minor errors or deviations from accepted submission procedures, these procedural variations may be waived by the owner and rehabilitation Program Administrator.

Should the low bid appear to be acceptable with the exception that the cost of rehabilitation exceeds available program resources, the owner and housing rehabilitation Program Administrator with the authorization of the owner, may negotiate with the contractor to attempt to either reduce the cost of construction or reduce the scope of work to conform to the owner's funding limitations.

Should all the bids appear to be excessive, the housing rehabilitation Program Administrator may hold in abeyance the estimates of the interested contractors and request that they resubmit with more reasonable costs within a maximum of three working days from the opening of the estimates.

Should all bids received and/or resubmitted bids remain unreasonable on the basis of the housing rehabilitation program administrator's estimate of construction costs, all bids will be rejected and the bidding procedure will be reinitiated.

The submitted bids will be reviewed by the homeowner and the Program Inspector. Generally, the lowest responsible bid from a qualified contractor will be chosen. If the owner selects a higher bid, he/she must pay the difference between the chosen and the lowest responsible bid. Contractors will be notified of the results of the bidding within one (1) week of the date the owner makes his/her contractor selection.

d. Pre-Construction Meeting/Contract Signing/Loan Closing

A construction agreement will be prepared by the housing rehabilitation Program Administrator for execution by the contractor and the owner. Prior to a pre-construction conference, the owner will be provided with copies of the loan documents, the Construction Agreement and for rental properties, the Deed Restriction (COAH Form Appendix E-3). The Contractor will be provided with a copy of the Construction Agreement for review. The owner and the successful contractor will be notified and asked to come into the program office to sign the necessary program documents. At the time of the pre-construction meetings, the scope of work will once again be reviewed. The owner and contractor responsibilities will also be reviewed, as well as the program's construction procedures and program limitations. The owner

and contractor will each sign the Construction Agreement and receive copies. The owner will sign and receive copies of the Mortgage and Mortgage Note in the amount of the HRP subsidy.

If the owner is providing any funds for the rehabilitation of his/her property, those funds must be provided at the time of the pre-construction meeting in the form of a certified check or money order made payable to the contractor. The check will be held by the Program and will be applied towards the contractor's first progress payment.

The contractor will be provided with information regarding the Lead-Based Paint Poisoning Prevention Act (4a.USC 483 1 (b)). The owner will be advised of the hazards of lead based paint and provided with the EPA booklet *Renovate Right*. Both contractor and owner will each sign the respective Certifications. Additionally, if the scope of work includes lead based paint components, Section VI Lead Base Paint (LBP) Provisions apply.

Construction work should be started within 15 days from the issued Notice to Proceed and completed within 90 days after the construction contract is executed (weather permitting). A certificate of final inspection will be signed by the owner and the Program Administrator and a certificate of approval/code compliance documentation will be issued by the Township before the final payment is issued.

e. Permits

It is the contractor's responsibility to secure all required permits prior to the start of construction and, if applicable, at the time of any change orders.

- A copy of all construction permits will be placed in each case file before the Notice to Proceed will be issued.
- Evidence of code compliance and issuance of all required code inspection approvals will be incorporated in the case files prior to authorization of final payment.

f. Construction Loan Account Expenditure and Disbursements

The Township established a Housing Rehab construction loan account for financial record keeping purposes.

Funds will be disbursed from the construction loan account in accordance with Township procedures and federal and state regulations. Basically, these procedures and regulations are designed to assure that approved funds are properly expended on authorized housing rehabilitation, and may be summarized as follows:

1. A lien will be placed on the property and recorded in the Ocean County Hall of Records to assure the housing rehabilitation program forgivable loan is repaid in the event of a default under the loan terms and conditions during the loan period.
2. A construction contract will be entered into between the owner and a contractor. The contractor must be registered with the housing rehabilitation program and be properly insured.
3. Established bidding procedures will be used to assure fair and competitive housing rehabilitation costs.

4. Construction will be regularly inspected by the housing rehabilitation Program Administrator and Township code officials and progress payments must be approved by the rehabilitation Program Administrator, as well as the owner.
5. All payments will be made in accordance with Township housing rehabilitation program vouchering procedures and will require proper verifications and certifications.
6. Final construction documentation will be gathered and supplied to the applicant at the time of construction completion.

Payments due rehabilitation contractors in accordance with the above expenditure regulations will be processed as follows:

1. The rehabilitation contractor will submit a payment request to the Program Administrator for payment.
2. The Program Administrator will prepare a voucher on the established rehabilitation program disbursement account voucher and will include the contractor's and owner's approval for the submission.
3. The Program Administrator will review the voucher against the contract to determine that the request is in keeping with provisions of the contract. The Program Administrator will then review the voucher against the availability of funds committed to the owner to assure that funds are available.
4. Once the Program Administrator have determined that the voucher is appropriate in terms of the contractual obligations and funds are available, the subject property will be inspected to verify that work requested for payment has been completed. Once this inspection has been made, the Program Administrator will, if all is in order, approve the voucher.
5. Once the voucher has been approved, the documentation will be forwarded to the Toms River Township Comptroller. A check will be prepared in the name of the contractor by the Toms River Township Comptroller. This check will be issued to the contractor.

The Program Administrator will properly note the disbursement of funds in a control ledger and file the voucher and any attached documents in the project case file. The Toms River Township Comptroller will retain a copy of the voucher as a separate Township financial record.

The Program Administrator will then allow the contractor to pick up the check as payment for work completed provided the required acknowledgment of receipt of the check is signed or the check will be mailed to the contractor.

g. Contract Performance, Penalties and Provisions:

Unless otherwise agreed by mutual consent of the owner, contractor and Program Administrator, the following performance schedule provisions shall apply:

The construction contract shall be executed by the selected contractor within 15 days of contractor notification of job award.

Construction shall commence on site within 15 days of the issuance of the construction notice to proceed.

Construction shall be complete (weather permitting) within 90 days of the date the construction contract is fully executed.

A construction performance schedule which provides for continuous construction activity once work is started will be included in the construction contract.

Any extension of the construction performance schedule established in the construction contract shall require a written construction contract change order specifying the schedule change, mutually agreed and fully executed by the owner, the contractor and rehabilitation Program Administrator. Provided, however, that such extension of schedule time shall not be unreasonably withheld when evidence of good cause for such extension is provided.

Absent such authorized extension of the construction performance schedule requirements, the contractor shall be subject to a performance penalty fee of twenty-five dollars (\$25.00) for each day that the contract schedule is exceeded. Said penalty fee may be deducted from payments issued by the rehabilitation program to the contractor. Proceeds gained from the penalty shall accrue to the benefit of the program and the owner's mortgage amount shall be duly reduced.

In the event a contractor is determined to be in violation of the construction performance schedule (as it may have been amended) by more than a total of 30 days, the construction contract may be terminated by the owner with the consent of the Program Administrator. In the event of such violation of the construction performance schedule provisions, the termination of the agreement may occur without prior notice to the contractor.

In the event a construction contract is terminated, items in the contract not completed by the original contractor will be contracted for completion in accordance with program procedures. The cost of completing original construction contract items shall be deducted from the original contract amount before any arrangements for a final payment to the original contractor are made.

Refer to the program construction agreement executed between the owner and the contractor for all contract performance, penalties and provisions.

h. Progress Inspections

The Program Inspector will make the necessary inspections of the progress of property improvements. Inspections are necessary to ensure that the ongoing improvements coincide with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Program Inspector when a minimum of 50% of the total contract work is completed. The Program Inspector will schedule the inspection with the owner, at which time the Program Inspector will also obtain verbal confirmation from the owner that the work is ready for inspection. If the work passes satisfactory inspection, the Request for Payment form, approved and signed by the owner and the Program Inspector during the inspection, will be submitted to the Township for payment. The Program Inspector will notify the contractor and the owner in writing of any work deficiencies discovered during the progress inspection. Work deficiencies must be corrected prior to the contractor's request for the next inspection.

For any and all work that includes the lead base paint component, the work must pass lead clearance prior to payment. Refer to Section VI Lead Base Paint (LBP) Provisions.

i. Change Orders

If it is determined during rehabilitation that a change from the original work write-up is required, a Program Change Order Authorization form must be completed and approved by the owner, the Contractor, and the Program. The contractor will be notified by the Program of the results, and no change order work should be undertaken by the contractor until he/she has received a copy of the fully executed Change Order Authorization or the contractor risks non-payment for the change order work.

j. Final Inspection

Prior to requesting a final inspection, it is the contractor's responsibility to:

- Properly close out all the permits and to provide proof of closed out permits to the Program Administrator via the municipal Certificate of Approval;
- Deliver to the owner a complete release of all liens arising out of the Construction Agreement, a receipt in full covering all labor, materials and equipment for which a lien could be filed or a bond satisfactory to the owner indemnifying owner against any lien; and
- Provide the owner with all applicable warranties for items installed and work completed during the course of the rehabilitation.

Once the contractor has provided the Program Administrator with all required job closeout forms, the contractor will be responsible to request the program's final inspection. The Program Inspector will schedule the final inspection with the owner, at which time the Program Inspector will also obtain verbal confirmation from the owner that the rehabilitation work has been completed and is ready for inspection. The Program Inspector will then conduct a final inspection to certify that the required property improvements are complete. The owner will be present during the final inspection and the contractor will be present if there are issues to resolve.

Only 100% completed line items will be inspected and considered for payment. If the work passes satisfactory final inspection, the Request for Payment form will be signed by the owner and the Program Inspector to document approval and finalization of work. The Program Administrator will submit the signed Request for Payment form to the Township for payment. A copy of the signed Request of Payment form will be placed in the case file records.

For jobs that include the lead based paint component, the contractor must request and pass final lead clearance prior to the Program processing the contractor's final payment. If the lead clearance test fails, the unit has to be cleaned again and retested. The contractor will bear the financial responsibility of all additional cleaning and clearance testing required to pass the lead clearance test. Refer to Section VI Lead Base Paint (LBP) Provision.

If the Program Inspector identifies any work deficiencies during the final inspection, the Program Inspector will notify the contractor and the owner of the deficiencies in writing and the value of said deficiencies will be deducted from the final payment request. Work

deficiencies discovered during the final inspection will require the Program Inspector to conduct a subsequent inspection upon contractor's correction of deficiencies.

The Program lien period will commence upon satisfactory completion of the final inspection. Photographs will be taken of the rehabilitated housing unit by the Program Inspector at the time of the satisfactory final inspection.

k. Payment Structure and Process

The Township will issue all payments, which will be made according to the following schedule:

The standard construction contract payment schedule will be three payments as follows unless special conditions warrant an alternate payment schedule:

Payment 1: Upon completion of 50% or more of construction required under the contract, a payment in an amount equal to 45% of the construction amount will be made.

Payment 2: Upon completion of 90% or more of construction required under the contract, a payment in an amount equal to 80% (less prior payments, if any) of the construction contract amount will be made.

Payment 3: Upon completion of 100% of construction required under the contract and receipt of all inspection certifications, warranties, release of liens and Certificate of Approval or other Township code compliance documentation, a payment in an amount equal to 100% (less prior payments, if any) of the construction contract amount will be made.

Upon job completion, the combined payments will total the Construction Agreement and, if applicable, change orders. Progress and final payments will be made payable to the contractor.

l. Standard Certification

A certificate of approval issued by the municipal construction official at the time the contractor closes out the rehabilitation construction permits, and/or a certificate of code compliance issued by the Program will confirm the scope of rehabilitation work has been completed and that the housing unit is now up to code standard. The contractor is to provide the certificate of approval to the Program Administrator when requesting the final inspection. The Program Administrator will ensure that a copy of the certificate of approval/code compliance is placed in the case file.

m. Record Mortgage Documentation

The Township will secure its interests in assisted properties through filing and recordation of the program mortgage/lien. At construction completion, the Township will forward the executed mortgage to the County Clerk for recording. For rental properties, the Deed Restriction will also be recorded.

n. File Closing

The Program Administrator will close the owner's file after the final payment is made and the mortgage is returned from the County with recorded date, book and page. A program letter will be sent to the owner, thanking him/her for participating in the Program.

o. Requests for Subordination

The Township recognizes that the owners of assisted properties may find it necessary to refinance or solicit added financing to be secured by the assisted property. In such instances, the Township may agree to subordination of its program lien if the mortgage company supplies an appraisal showing that the new loan plus the balance(s) on all unpaid loans (including the value of the rehabilitation assistance) does not exceed eighty five (85%) of the appraised value of the house. If the owner is simply refinancing their primary mortgage to a lower interest rate and not “cashing out” any equity, Toms River may subordinate up to 100% of the appraised value.

IX. LEAD BASED PAINT (LBP) PROVISIONS

Housing rehabilitation exemptions from lead-based paint regulations are as follows:

- Residential structures built after January 1, 1978
- Emergency action activities
- Properties found not to have lead-based paint during earlier testing that meets the requirements of prior evaluations
- Properties where all lead-based paint has been identified and removed using approved methods
- Rehabilitation that does not disturb paint

Any properties not inclusive of the aforementioned exemptions and applying for program assistance will be presumed to have lead based paint. Under HUD regulations 24 CFR Part 35 Lead Safe Housing Rule, grantees may choose not to perform a risk assessment or paint testing and, instead, presume that lead-based paint and/or hazards are present in houses built prior to 1978. Toms Rivers has chosen the option to presume lead-based paint is present.

For rehab up to \$5000 per unit, workers must use lead safe work practices on all the painted surfaces they work on and perform clearance when work is complete.

For rehabilitation projects over \$5,000 up to \$25,000 per unit, the contractor must perform standard treatments and perform clearance when work is complete.

For rehabilitation over \$25,000 per unit, the contractor must perform abatement on all potential lead hazards - deteriorated, impact, friction, chewable surfaces, as well as surfaces to be disturbed and perform clearance when work is complete.

At the appropriate time, the Program will provide the owner with copies of the following:

- Lead Hazard Information Pamphlet EPA booklet *Renovate Right*
- Notice of Lead Hazard Presumption Notice of Lead Hazard Reduction Activity including Clearance

Both Notices of Lead Hazard Presumption and Lead Hazard Reduction will be provided to the occupants within 15 calendar days of the date the Program receives the report or the date the lead hazard reduction work is completed.

The program cases will fall into the >\$5,000 < \$25,000 category of HUD guidelines below:

Amount of Program Assistance	>\$5,000 < \$25,000
Approach to Lead Hazard Evaluation and Reduction	Presume Lead and stabilize all deteriorated paint
Notification	Yes
Lead Hazard Evaluation	Presume Lead
Lead Hazard Reduction	Interim Controls Safe work practices Clearance of unit

The lead hazard reduction will always include safe work practices and clearance and will also include one or more of the following:

- Paint Stabilization
- Interim Controls (or Standard Treatment)

Standard treatments consist of the following activities as per HUD 2012 Guidelines Chapter 11:

- ✦ Paint stabilization. All deteriorated paint on exterior and interior surfaces should be stabilized, following guidance in Section III of HUD 2012 Guidelines Chapter 11
- ✦ Making surfaces smooth and cleanable. All horizontal surfaces, such as floors, stairs, interior window sills and window troughs, that are rough, pitted or porous, should be made smooth and easily cleanable. Minor surface damage may be correctable by spackling and recoating. Otherwise it may be necessary to cover or coat the surface with a material such as metal coil stock, plastic, polyurethane, sheet vinyl, or linoleum.
- ✦ Correcting dust-generating conditions. Conditions causing friction or impact on painted surfaces should be corrected, following guidance in Section IV of HUD 2012 Guidelines Chapter 11.
- ✦ Treating bare soil. Bare oil should be treated in accordance with guidance in Section VI of HUD 2012 Guidelines Chapter 11.
- ✦ Safe work practices and work qualifications. All standard treatments should incorporate safe work practices as described in Section II.D of HUD 2012 Guidelines Chapter 11. Persons performing standard treatments should have the same training and/or supervision as those performing interim controls, as described in Section II.B of HUD 2012 Guidelines Chapter 11.
- ✦ Clearance. A clearance examination should be performed in accordance with HUD Guidelines Chapter 15 after finishing standard treatments that are larger than HUD's *de minimis* threshold before they are concluded. In housing not receiving federal assistance, EPA requires

interim control projects larger than its minor repair and maintenance threshold to have a “cleaning verification” step before they are concluded.

- ✦ Although HUD regulations do not require treatment of chewable surfaces under the standard treatments option, these Guidelines recommend that owners or managers consider covering any protruding painted surfaces with teeth marks if young children under age 6 reside in the unit or frequent the common area.

In planning and carrying out standard treatments, owners and contractors should presume that all paint is lead-based paint and all bare soil contains soil lead hazards, unless a certified risk assessor or lead-based paint inspector has determined otherwise.

Prior to the rehabilitation and lead based paint stabilization/standard treatment work going out for contractor bids, the Program will determine the type of contractor needed to complete the work required. The lead paint hazard reduction work will be identified in the work specifications. The Program staff, owner and contractor(s) awarded the job will review the key aspects of the lead hazard reduction during the pre-construction conference.

The awarded contractor(s) will perform safe work practices at all times which includes but is not limited to:

- Occupant protection
- Work site preparation
- Daily cleanup
- Safe work practices
- Worker protection

Occupants will be notified of any lead-hazard reduction measures that were taken. Subsequent to the program’s final inspection, the Lead-based Paint Inspector will conduct a clearance examination including dust samples to confirm the unit is safe for occupancy and that lead hazard reduction was performed according to the Program’s work specifications. If the lead clearance test fails, the unit has to be cleaned again and retested. The contractor will bear the financial responsibility of all additional cleaning and clearance testing required to pass the lead clearance.

X. CONTRACTOR RECRUITMENT, QUALIFICATIONS, RECORDS and PROCEDURES

This housing rehabilitation program will be implemented so as to offer and maximize employment opportunities to area residents qualified in the construction trades and will actively seek the participation of women- and minority-owned contractors. The following contracting procedures will be utilized in order to facilitate program objectives.

A. Recruitment and Records

All interested contractors will have the opportunity to apply for inclusion on the Program contractor list, which will be made available for the owner's use in selecting rehabilitation contractors. All marketing material will encourage the participation of women- and minority-owned businesses.

The housing rehabilitation Program Administrator will develop and maintain a list of contractors for property rehabilitation work. Contractors will be identified and recruited by advertising and other resources such as state and Township records. The list may categorize contractors in different areas of expertise (general contractors, electrical contractors, plumbing contractors, roofing contractors, etc.). The housing rehabilitation Program Administrator will maintain an up to date contractor listing which will include the following:

- 1) A listing of presently active contractors will be compiled. This listing of active contractors will include all contractors who have provided bids since the inception of the program and have not indicated that they wish to withdraw from program participation.
- 2) A listing of inactive contractors will also be compiled. These inactive contractors will be comprised of all who initially indicated interest in the program, but who have either not provided bids or have indicated they have no further interest in the program. Contractors will be defined as inactive provided they indicate to the housing rehabilitation Program Administrator they no longer wish to be maintained on the active listing file, or if they have failed to bid on a job for a period of six months. In such cases, the contractors will be notified that they are being placed on the inactive list. However, contractors may be retained on the active list upon notification to the housing rehabilitation program staff that they wish to continue as active contractors in the program.
- 3) The housing rehabilitation Program Administrator will maintain their listing of active contractors as an open ended listing and will immediately add a contractor to that listing when so requested by the contractor provided the contractor provides required documentation.
- 4) The housing rehabilitation Program Administrator will actively seek to expand their listing of contractors through advertisement and referrals and solicitation in trade journals and minority business publications.

B. Contractor Qualifications

All contractors will be subject to verification as to qualifications and financial capacity through contact of references, inspection of prior work, and other resources available to the Township prior to being placed on the active contractors listing.

To qualify, contractors must meet the following minimum requirements:

- 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 as required by state regulations; and provide the Program with a certificate of insurance naming the Program as Certificate Holder; and
- At least two favorable references on the successful completion of similar work; and
- A reference of permit compliance from a municipal inspector (building inspector, code official, etc.); and
- The Contractor's State Business Registration Certificate; and
- Current Consumer Affairs Home Improvement Contractor license; and

- Applicable lead certifications for contractors working on houses/units built prior to 1978. As identified in the scope of work, the Contractor must comply with HUD 24 CFR part 35 and the EPA Renovation, Repair and Painting (RRP) Rule regarding certification; and
- If claiming prior experience with local, state or federally funding housing rehabilitation programs, a record of satisfactory performance in a neighborhood rehabilitation program or other federal/state programs; and
- Appropriate licenses; e.g. plumbing, electrical.

Contractors must also complete a Contractor Application Form. The contractor's qualifications will be reviewed and the references cited will be checked by the Program Inspector before the contractor is awarded a job.

C. Removal of Contractors from Contractor List

A contractor may be removed from the contractor lists if the housing rehabilitation Program Administrator find that the contractor, through his/her own deficiency, has failed on at least one occasion, to substantially meet the terms of an agreement entered into with a program participant or evidence of incompetence or illegal activity is provided from other sources.

XI. RENTAL PROCEDURES

Rental units are subject to UHAC at N.J.A.C. 5-80-26.1 et seq. once the rental units are rehabilitated. In addition to the mortgage and mortgage note, the controls on affordability shall be in the form of a deed restriction with each affordable unit specified as either a very low, low or moderate income rental unit.

The rental units rehabilitated through the HRP shall be shall be administered in accordance with the following:

- 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 on affordability, the deed restriction shall require the unit be rented to a low- or moderate-income household at an affordable rent and affirmatively marketed pursuant to UHAC.
- If a unit is renter-occupied, upon completion of the rehabilitation, the maximum rate of rent shall be the lesser of the current rent or the maximum permitted rent pursuant to UHAC.
- Rental Increases: See section XI C, below.

The Township's designated Administrative Agent will continue to administer the rental affordability controls during the 10-year affordability period for each rental property assisted. Landlords are responsible to pay income certification fees for re-rentals.

A. Determining Initial Affordable Rents

The initial maximum affordable rent for a rehabilitated unit will be determined by the Township's designated Administrative Agent based on NJ rules and regulations. The Administrative Agent will make every attempt to price initial rents to average fifty-two percent (52%) of the median income for the household size appropriate to the sized unit within each individual project (N.J.A.C. 5:80-26.3 (d)). Thirty percent (30%) (N.J.A.C. 5:80-26-12 (a)) of

that figure is considered the “maximum base rent.” Subtracted from the maximum base rent is the cost of all tenant-paid utilities as defined and calculated by the HUD Utilities Allowance figures (updated annually). The remainder becomes the maximum initial rent for that unit. The Administrative Agent can provide potential applicants/landlords with a reasonable estimate of what the maximum base rent will be on their rental unit if they elect to participate in the program.

B. Pricing by Household Size

Initial rents are based on targeted “model” household sizes for each size home as determined by the number of bedrooms. Initial rents must adhere to the following rules:

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

B. Pricing by Household Size

Rents for rehabilitated units may increase annually based on the standards in Appendix A, and only upon written notification from the Township’s designated Administrative Agent. In addition, the Township’s Administrative Agent must be used by the Landlord to ensure that all appropriate affirmative marketing and all other affordable housing compliance procedures are followed and will continually oversee compliance for these affordable rental units throughout their restrictive term.

These increases must be filed with and approved by the Township’s Administrative Agent. Property managers or landlords who have charged less than the permissible increase may use the maximum allowable rent with the next Tenant with permission of the Administrative Agent. Rents may not be increased more than once a year, may not be increased by more than one approved increment at a time, and may not be increased at the time of new occupancy if this occurs less than one year from the last rental. No additional fees may be added to the approved rent without the express written approval of the Administrative Agent.

XII. MARKETING STRATEGY

If the program exhausts the existing waiting list, it will establish updated program marketing strategies that will satisfy the marketing requirements of 5:93-5.2(d). Pursuant to these requirements, the Township’s Program shall be marketed through a combination of some, though not necessarily all, of the following: brochures; posters in prominent locations; cable television and radio announcements; notices included in utility bills; notices in municipal tax bills; notices included in municipal publications; and informational meetings with welfare organizations, urban action community groups, personnel departments of local employers, social workers, civic and religious leaders, senior citizen groups and fraternal organizations.

Available rental units that were rehabilitated via the HRP will be affirmatively marketed in accordance with the Township's Affordable Housing Affirmative Marketing Plan.

XIII. MAINTENANCE OF RECORDS AND CLIENT FILES

A. Programmatic Recording

The Program files will include the policies and procedures manual, which will also be updated when applicable. A program waiting listing of all interested owners and a program rehabilitation log that depicts the status of all applications in progress will be maintained by program staff.

B. Participant Record keeping

The Program will be responsible for ensuring that individual files for each unit are established and maintained. Each completed file will contain a minimum of the following:

- Checklist
- Application form
- Proof of ownership
- Income verification (for all households)
- Proof of currency of property tax and water/sewer accounts
- Proof of owner extended coverage/hazard insurance (Declaration Page)
- Proof that the municipal lien plus the total of other liens does not exceed the market value of the unit. (COAH Requirement)
- Certification of Eligible Household or Notice of Ineligible Household (whichever is applicable)
- Owner/Program Agreement
- Certificate of Substandard
- Work Specifications/Cost Estimate aka Work Write-Up
- Bid Notice
- Contractor Bids
- Bid Tabulation
- Construction Agreement
- Mortgage and Mortgage Note, and for rental properties, Deed Restriction
- Notice of Right of Rescission
- Owner Lead-Based Paint Certification

- Contractor Lead-Based Paint Certification
- Copies of all required permits
- Change orders, if any
- Work progress and final inspection reports
- Copy of Municipal vouchers and related payment documentation
- Photographs (Before and After)
- Close-out documents
- Certification of Approval

C. Reporting to DCA for COAH Credit

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
- 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
- Funds Recaptured

The Municipal Housing Liaison is responsible for entering each completed unit's data into the State's online CTM system.

D. Audits and Reports for HUD

The Township housing rehabilitation program staff shall maintain sufficient on-site records and information necessary for the documentation of any and all facets of the rehabilitation program. The Township and housing rehabilitation Program Administrator shall permit on-site inspection and auditing of all records, books, papers and documents associated with the housing rehabilitation program by authorized representatives of the Township, the N.J. Department of Community Affairs (DCA) and the U.S. Department of Housing and Urban Development and its designees.

E. Program Records Retention

The Township and housing rehabilitation program staff agree to maintain all records, reports, and other documentation for the following periods:

For HUD CDBG: Records are to be retained, in general, for four years from the date of submission of final report on the case, unless there is litigation, claims, audit, negotiation, or other actions involving the records. See section 5.3 of HUD retention rules.

For COAH: "Life of deed restriction plus 10 years, or until municipality relinquishes control, plus 10 years." Therefore, the Township needs to hold each case records for at least 20 years (based on 10 year program lien).

XIV. Payment and Contractual Disputes

In the event there arises a dispute regarding payment, construction or contractual matters, disputes shall be resolved in accordance with the following policy:

1. The housing rehabilitation Program Administrator shall attempt to negotiate any dispute and establish a settlement which is acceptable to the owner, the contractor and the Township.
2. In the event the dispute cannot be negotiated, the housing rehabilitation Program Administrator;
 - a. May order that all construction activity cease and advise the owner and the contractor that the contractual agreement is to be held in abeyance for cause if such action is deemed necessary, and the dispute is to be submitted for arbitration as set forth below.
 - b. Shall complete a detailed inspection of the subject premises and identify all work items:
 - 1) Satisfactorily completed;
 - 2) Unsatisfactorily completed; or
 - 3) Not completed.
 - c. Shall, based on the above inspection and a review of the construction agreement's cost per each line item, determine the value of:
 - 1) Work satisfactorily complete;
 - 2) Work required to correct all unsatisfactorily completed construction and/or
 - 3) Work remaining to be completed.
3. Upon completion of the actions above, the housing rehabilitation Program Administrator shall provide their recommendation for resolution of the dispute including recommendation of payments determined to be appropriate and proper. If the dispute is resolved in accordance with the administrators' recommendation or other acceptable 'manner, the resolution shall be duly memorialized and no further action will be required. If payment is involved the disbursement shall be co-authorized by the owner.
4. In the event the dispute cannot be resolved through the above negotiation process and the Program Administrator determine that the owner is unreasonably withholding payment to the contractor, the Program Administrator may authorize payment of up to 100 percent of the amount determined in the above process to be due the contractor without the owner's approval. The payment of such funds shall be Subject to the concurrence and authorization of

the Community Development Director in the matter. The disbursement of the balance of program funds shall be subject to continued negotiation, arbitration and/or litigation. Any subsequent payment will require the co-authorization of the owner, an arbitration order or an order from a court of competent jurisdiction.

5. None of the above procedures shall be considered to abridge in any way the rights of any of the parties in the dispute to seek such legal remedies to which they may be entitled.

XV. CONCLUSION

If the procedures described in this manual are followed, the Township of Toms River's HOUSING REHABILITATION PROGRAM should operate smoothly and effectively. Where it is found that a new procedure will eliminate a recurring problem, that procedure may be incorporated into the program operation. In addition, this manual may be periodically revised to reflect changes in local, state and federal policies and regulations relative to the HOUSING REHABILITATION PROGRAM.

XVI. LIST OF PROGRAM FORMS

The Program will use standardized program forms to the extent possible as part of the implementation process. The forms to be used will be prepared by Program Administrator and may be modified, revised and supplemented based on program delivery experience. All forms to be used in program implementation will be subject to review by Township counsel as to legal form and content and must be approved for program use by the Program Administrator. Conversely, all forms approved for program use and applicable to a particular project, applicant or case file shall be properly completed and included in the appropriate program file. The following is an initial listing of program forms:

- Application Transmittal Letter
- Program Information Handout
- Application for Assistance- Homeowner
- Application for Assistance- Landlord (Investor)
- Application for Assistance- Tenant
- Eligibility Release Form
- Checklist
- Special Needs Waiver (Eligibility Requirements)
- Special Needs Waiver (Exceed Program Limit)
- Certification of Eligible Household
- Eligibility Determination Form
- Notification of Eligibility
- Notification of Ineligibility

- Owner/Program Agreement
- Certificate of Substandard
- Certificate of Substandard – Emergency Situation
- Letter: forward work write-up and Contractor list to Owner
- Work write-up review form
- Request for Rehabilitation Bid
- Affidavit of Contractor
- Subcontractor Bid Sheet
- Bid Tabulation/Contractor Selection
- Construction Agreement
- Mortgage
- Mortgage Note – single family, multi family, investor versions
- Notice of Right of Rescission
- COAH Deed Restriction (when applicable)
- Owner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Notice to Proceed
- Contractor's Request for Final Inspection
- Change Order Authorization
- Certificate and Release
- Closeout Statement

APPENDIX A: Calculating Annual Income Limits for DCA Housing Region 4

Calculating Annual Increases to Income Limits, Resale Prices, and Rents for DCA Housing Region 4

Income limits for all units that are part of the municipality's Housing Element and Fair Share Plan and for which income limits are not already established through a federal program exempted from the Uniform Housing Affordability Controls (UHAC) pursuant to N.J.A.C. 5:80-26.1 shall be updated by the municipality annually within 30 days of the publication of determinations of median income by HUD as follows:

- a. Regional income limits shall be established for the region that the municipality 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 municipality'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.
- b. The income limits attached hereto are the result of applying the percentages set forth in paragraph (a) above to HUD's determination of median income for FY 2017, and shall be utilized until the municipality updates the income limits after HUD has published revised determinations of median income for the next fiscal year.
- c. 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 municipality annually by taking the percentage increase of the income limits calculated pursuant to paragraph (a) 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.

In establishing sale prices and rents of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above:

- a. The resale prices of owner-occupied low- and moderate-income units may increase annually based on the percentage increase in the regional median income limit for each housing region determined pursuant to the process outlined above. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.

- b. 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. Rents for units constructed pursuant to low income housing tax credit regulations shall be indexed pursuant to the regulations governing low income housing tax credits.