

DHHS Targeting Plan and Key Program Operating Assistance: Procedures and Requirements

Basic Requirements

Projects that received bonus points for Targeting Plans in 2002 and 2003, and all projects allocated low-income housing tax credits (“LIHTC”) in 2004 and 2005, are required to target the greater of five (5) units or ten percent (10%) of the total units (“Required Units”) to persons with disabilities or homeless populations. (The five unit minimum only applies to properties with project-based rental assistance.)

Owners and/or management companies for each project with a Targeting Plan (“Management”) and one or more Local Lead Service Agency (“LA”) have entered into a Memorandum of Understanding (“MOU”). The MOU specifies:

- the LA will provide, coordinate and/or act as a referral agent to assure that supportive services will be available to the targeted tenants,
- the willingness of all parties to negotiate reasonable accommodations to facilitate the admittance and retention of persons with disabilities, and
- a communications plan between the LA and Management that will accommodate staff turnover and assure continuing linkages for the duration of the compliance period.

Projects are not required to provide onsite supportive services or a service coordinator, and participation in supportive services may not be a condition of tenancy.

Rent-Up and Waitlists

The Required Units will be held open for LA referrals for a period of ninety (90) days after the rent-up period begins. Once rent-up is complete, Management will maintain a separate waiting list for LA referrals and prioritize these households for units that become vacant. Rehabilitation projects with existing tenants will not have a rent-up period and should fill vacancies as they occur from the separate waiting list.

During and after rent-up, LA referrals must be moved in first regardless of chronological order of the general waiting list until all Required Units are occupied with referrals. The two exceptions are if:

- the only persons on the waiting list are single individuals and the available unit is a three bedroom, or
- there is no one on the Targeting Plan waiting list and the LA has been notified of the available unit according to the time frame established in the MOU.

Management should attempt to avoid concentrating all the Required Units into one building.

Once the Required Units are occupied, Management will fill vacancies in chronological order using both waiting lists. Required Units under the Targeting Plan create a minimum number of units for persons with disabilities, not a maximum. All qualified applicants, regardless of disability, have equal access to the property if they meet standard criteria.

Lead Agency Responsibilities

The LA will refer prospective tenants pursuant to the MOU. Referred households must be program eligible (income, student status) and property eligible (elderly, non-elderly, household size, credit worthy, criminal background). Management will make these determinations, negotiating reasonable accommodations in tenant screening criteria when appropriate.

The LA will provide Management with a Letter of Referral and ask that the prospective tenant be placed on the Targeting Plan waiting list. The Letter of Referral includes the following:

- Verification that the prospective tenant is qualified (i.e. is an adult with a permanent disability as defined in NCGS § 168A-3.)
- A release of information signed by the prospective tenant, authorizing communication between Management and the referring agency.
- Verification of the household's application for Section 8 (Housing Choice Voucher) assistance.
- Verification that household is not solely comprised of full time students.

While the named LA in the MOU may serve a particular population, the Required Units must be made available to qualified applicants with all types of disabilities. The LA should work with local disability service agencies and develop a collective process for referring tenants and making their services available to qualified tenants.

Many properties with Targeting Plans have mechanisms in place to provide lower rents. In order to make these units available to as many households as possible, all prospective tenants should be actively seeking Section 8 assistance.

Tenant Responsibilities

The prospective tenant will complete an application for tenancy and any other documentation required by Management, including information required for the verification of income.

Once tenancy has been established, the tenant must fulfill the obligations of tenancy, provide annual information required for verification of income, and actively pursue Section 8 assistance.

Management Responsibilities

Management is responsible for knowing the number of required units and contacting the LA prior to starting rent-up. Working with the LA early on will facilitate compliance and avoid delays.

Management will screen each referral, applying the same criteria used for all other applicants, including reasonable accommodations. The applicant and LA will be notified of one of the following results:

- household is eligible and an appropriate unit is available,
- eligible but no unit available (placed on the waiting list) or
- rejected (reason must be disclosed).

For each accepted referral, Management will execute all pertinent documents to create a valid tenancy with the tenant (not the LA). Units with Targeting Plan referrals must be identified as such in the Rental Compliance Reporting System.

Other requirements of Management:

- affirmatively market to persons with disabilities,
- include a section on reasonable accommodation in application for tenancy,
- accept Section 8 (or other rental assistance) as allowable income and not require total income beyond that which is reasonably available to persons with disabilities currently receiving SSI and SSDI benefits.

Key Program Operating Assistance

The NC Housing Finance Agency and Department of Health and Human Services have created the operating assistance program described below. The amount budgeted is for ten (10) years of assistance for the covered units. Properties awarded in 2004 that do not receive project-based Section 8 or USDA Rural Development rental assistance for 100% of the units are eligible for Key Program subsidy

payments. Properties with partial project-based operating subsidy are eligible when the referrals are not in assisted units.

Funding Amounts

The payment standard, or amount the property will receive, is based on the statewide non-metro average forty percent (40%) of median based on bedroom size, as published by the Agency each year.

The tenant-paid portion will be based upon a percentage of the household’s gross monthly income as calculated by Management according to standard LIHTC rules. The percentage will vary by unit size, as will the minimum number of people:

One Bedroom- 25% , no minimum # of persons	Three Bedroom- 15% , min. 4 persons
Two Bedroom- 20%* , min. 2 persons (unless a single individual, see “Note” below)	Four Bedroom- 10% , min. 6 persons

The resulting amount will be included in the lease. There will be no consideration of utilities. Partial months of subsidy (first and last) will be prorated following the HUD Section 8 procedure.

The Key Program subsidy will fund the difference between the tenant-paid amount and the payment standard. In order to receive Key Program assistance, Management will need to enter into an Agreement to Participate, complete the paperwork necessary for electronic payment and submit monthly requisitions.

Tenant & Unit

Not all referrals will be eligible for Key Program assistance. Eligible recipients are limited to adults receiving income based upon their disability from Social Security (SSI and SSDI) or other state/federal program (such as the Veterans’ Administration) and whose total household income does not exceed thirty percent (30%) of the area median income. A minimum gross income of \$300 a month is required. Therefore the non-disabled homeless and persons in recovery with only a substance abuse diagnosis are not eligible for Key Program Assistance.

The assistance is only available to a household while occupying the LIHTC unit. Households cannot transfer this assistance to other rental properties. Key Program subsidy will only be available for the Required Units; additional LA referrals will need to meet standard criteria.

Waivers

There may be cases where the straight percentage of income calculation poses an undue burden on the tenant. One example is where unusually high medical expenses, disability services or child care costs that allow the tenant to be employed are paid by the tenant and not reimbursed by any other source. In these cases tenants may seek a waiver. Requests will be processed according rules and policies in Section 5.5 of the Housing Choice Voucher Program Guidebook (7420.10g) and will require third party written verification of these expenses. Additional information on requesting a waiver is available from the DHHS Housing Support Coordinator.

Contact Information

The contacts for Management regarding tenant referrals are first the LAs, then the DHHS Housing Support Coordinator, Tara Peele, at 919-733-4534.

The contact for Key Program subsidy payment is Alda Brickle-Green at the Agency 919-877-5650. General questions may be directed to Mark Shelburne mshelburne@nchfa.com 919-877-5645.

* Note: When there are no one bedroom units available, single individuals can rent two bedroom units, calculated at the 25% of income rate.