



TARGETING PROGRAM MANUAL

for Low-Income Housing Tax Credit Program
& Preservation Loan Program
Updated Feb 2, 2024



NC DEPARTMENT OF
HEALTH AND
HUMAN SERVICES

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Part One: Revision History, Acronyms, Definitions

Revision History

Date of Update	Update	Page
1/12/2024	Under Risk Mitigation: <ul style="list-style-type: none"> • cap on reimbursement for "Unpaid Property Damage Amount" is increased from \$2500 to \$3500 • "Insurance Claim Amount" category deleted • Reimbursement rate for damage claims will increase from 75% to 100% (2/2/24) 	
6/28/2023	Addition of clarifying language to the Household No Longer Qualifies for Key Rental Assistance Due to Increased Income: Management should continue to use the Key Rent and Subsidy Calculation worksheet to determine the tenant's rent amount (subsidy will be zero) until the tenant has enough income to assume responsibility for full rent.	37
3/7/2023	Addition of clarifying language to the Disability Income Waiver section. Waiver is only needed if required at move-in. If during tenancy they transition from disability to normal retirement, no waiver is needed at that point.	29
8/17/22	Addition of clarifying language: A relative of the tenant may serve as a live-in aide but must meet the above requirement. Generally, live-in aides, whether they are a relative of the tenant or not, may not bring other family members with them to live in the unit. Exceptions may be allowed in certain circumstances, per Key Rental Assistance policy guidelines. <u>In these situations</u> , DHHS review and approval must be obtained prior to the addition of the live-in aide to the household. One additional bedroom for the live-in aide and the DHHS-approved family member(s) is allowed; however, DHHS may approve the tenant to have more than one extra bedroom depending on unique circumstances. Further documentation may be required.	21
8/17/22	Property managers must recertify ALL Targeted-Unit households annually to determine assistance level. This includes Targeted-Unit households receiving Key Rental Assistance, a subsidy other than Key Rental Assistance or no subsidy.	33,34, 36,37

8/17/22	Provide feedback to Socialserve during monthly survey calls.	13
8/17/22	Transitions to Community Living Initiative	51

Acronyms

Acronym	Meaning
AMI	Area Median Income
DHHS	Department of Health and Human Services
DAAS	Division of Aging and Adult Services
HUD	U.S. Dept. of Housing and Urban
NCHFA	North Carolina Housing Finance Agency
OAP	Key Rental Assistance: Owner Agreement to Participate
PBRA	Project Based Rental Assistance
PLP	Preservation Loan Program
PLP400	Housing 400 Initiative Preservation Loan Program 400
QAP	Qualified Allocation Plan
RCRS	Rental Compliance Reporting System
RPP	Rental Production Program
SHDP400	Housing 400 Initiative Supportive Housing Development Program
SSA	Social Security Administration
SSDI	Social Security Disability Income
SSI	Supplemental Security Income
USDA	U.S. Dept. of Agriculture
V&R	Vacancy and Referral System
VA	Veteran's Benefits

Definitions

Department of Health and Human Services (DHHS) is the department of state government that manages the delivery of health and human-related services for all North Carolinians. For the purpose of this manual, all references to DHHS are referring to DHHS/Division of Aging and Adult Services.

Fair Housing are federal and state laws pertaining to protected classes. The property owner and the property management company must comply with Fair Housing laws in regards to their policies and procedures and operation of the property. Applicable Fair Housing laws are determined based on funding sources.

Household Income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937, not in accordance with the determination of gross income for federal income tax liability. Section 8 defines annual income as follows:

1. All amounts, monetary or not, that go to or are received on behalf of the family head, spouse or co-head (even if the family member is temporarily absent) or any other family member.

OR

2. (If changes to income can be determined) All amounts anticipated to be received from a source outside the family during the 12-month period following admission or annual recertification effective date. Additionally,
3. Annual income includes amounts derived (during the 12-month period) from assets to which any member of the family has access. Annual income includes all amounts that are not specifically excluded by regulation.

Key Rental Assistance is state-funded rental assistance that can be used for eligible households (as defined by Key Rental Assistance guidelines) in Targeted Units only. Key Rental Assistance is a project-based rent subsidy co-administered by NCHFA and DHHS.

Low Income Housing Tax Credit (LIHTC) is a federal housing program administered by NCHFA referred to in this manual as "Housing Credits".

North Carolina Housing Finance Agency (NCHFA) is a self-supporting public agency which administers Key Rental Assistance.

Partner Agency is a DHHS-approved human service agency that meets eligibility criteria to serve as a partner agency for the Targeting Program.

Program Qualified Tenant is a household headed by an individual with a disabling condition that meets the DHHS criteria for Targeting Program eligibility. Household

income for Key Rental Assistance cannot exceed the maximum income established by the controlling housing program regulations.

Required Targeted Units are as established in the Qualified Allocation Plan for the year in which the property received an allocation of Housing Credits, if applicable, or as may otherwise be required under other applicable NCHFA programs. Required Targeted Units are required to be available and participate in the Targeting Program for the duration of the compliance and extended use periods, unless released by NCHFA and DHHS.

Targeting Program is a partnership between NCHFA and DHHS to increase access to affordable housing units for individuals with disabling conditions. Developers are required to set-aside 10% of units at properties receiving an allocation of Housing Credits and may opt to set-aside up to 20% of units for Program Qualified Tenants.

Tenant Selection Plan is the plan, created by the owner, which describes the criteria that will be applied to all applicants to determine eligibility for tenancy. It must be no more restrictive than the *Fair Housing and Tenant Selection Plan Policy for Properties Monitored by the North Carolina Housing Finance Agency* located on the NCHFA website and updated from time to time. It must be posted on site and clearly visible to applicants and provided to prospective applicants upon request.

Voluntary Targeted Units are units in excess of the Required Targeted Units. Voluntary Targeted Units not occupied by a Program Qualified Tenant may be withdrawn from program participation provided the property owner serves NCHFA with 90 days written notice.

Part Two:

Introduction to the Targeting Program, Key Rental Assistance and Online Reporting Systems

The Targeting Program and Key Rental Assistance expand affordable housing opportunities for low-income individuals with disabilities who need ongoing access to supportive services to access and/or maintain housing. This group of individuals with disabilities faces the greatest challenges to living in communities of their choice. The goal of expanding housing opportunities for individuals who face complex housing barriers has driven design and operation of both the Targeting Program and Key Rental Assistance.

Fair Housing

NCHFA and DHHS have a responsibility to affirmatively further fair housing. It is beyond the scope of this document to reprint information that is included in the *Fair Housing and Tenant Selection Policy for Properties Monitored by the North Carolina Housing Finance Agency*. A link to this document is available on the NCHFA website. NCHFA's public policy objectives related to fair housing include the following:

- Ensure access to housing created through NCHFA programs by vulnerable, underserved and at-risk populations through the application of reasonable tenant selection criteria by owner and property management partners.
- Ensure access for vulnerable, underserved and at-risk populations in the most integrated settings within the community.
- Prohibit discrimination on the basis of race, color, sex, religion, familial status, national origin and disability in programs and activities receiving federal financial assistance.
- Ensure compliance with all applicable federal regulations related to fair housing. This includes but is not limited to:
 - Title VI of the Civil Rights Act of 1964.
 - The Fair Housing Act (Title VIII of the Civil Rights Act of 1968) which prohibits discrimination in the sale, rental and financing of housing based on race, color, sex, religion and national origin.
 - The 1988 Fair Housing Amendments Act which expands the scope of the Fair Housing Act by adding disability status and familial status as

- protected categories. The legislation also strengthened federal enforcement provisions.
- Title II of the Americans with Disabilities Act of 1990 which protects qualified individuals with disabilities from discrimination on the basis of disability in services, programs and activities provided by state and local government entities regardless of whether these entities receive federal financial assistance.
- The Violence Against Women Act of 1994 (VAWA) which requires that properties have emergency transfer plans and emergency transfer request procedures for victims of domestic violence, dating violence, sexual assault and stalking, regardless of sex, gender identity or sexual orientation and applies to all federal programs.

Targeting Program Overview

In 2002 NCHFA and DHHS formed a partnership to increase access to Low Income Housing Tax Credit (Housing Credit) developments for individuals with disabilities and homeless individuals. Developers who targeted units to these populations received Housing Credit application bonus points in 2002-2003. In 2004 targeting 10% of units for individuals with disabilities became a Housing Credit Program threshold requirement. The Targeting Program expanded beyond Housing Credit developments 2006-2009 ([see Appendix B](#)). In 2016 NCHFA made targeting 10% of units for individuals with disabilities a threshold requirement for all bond-financed developments in addition to developments awarded tax credit allocations.

Housing Credit and bond-financed developments may have Required Targeted Units, Voluntary Targeted Units or both. Required Targeted Units are as established in the Qualified Allocation Plan for the year in which the property received an allocation of Housing Credits or bonds, if applicable, or as may otherwise be required under other applicable NCHFA programs. Required Targeted Units must be available and participate in the Targeting Program for the duration of the compliance and extended use periods, unless released by NCHFA and DHHS. Voluntary Targeted Units are Targeted Units in excess of the Required Targeted Units or may exist at Housing Credit or bond-financed developments without required Targeted Units. The number of total Targeted Units (required plus voluntary) at any development may not exceed 20% of the total units at a development including market rate units.

To lease Targeted Units, individuals must be referred by approved service providers through the DHHS-managed referral process. For more detailed information about the referral process, [see The Referral Process section](#).

Targeting Unit Agreements

The Targeting Unit Agreement outlines the Targeting Program policies and procedures and enumerates the number of Required Targeted Units, Voluntary Targeted Units and units with Key Rental Assistance or other rental assistance. Each development with Required and/or Voluntary Targeted Units has a Targeting Unit Agreement. A Targeting Unit Agreement is signed by the owner, the property management company and NCHFA.

Targeting Unit Agreement due dates for Housing Credit developments are stipulated each year in the final Qualified Allocation Plan, appendix “D”. Targeting Unit Agreement due dates for other types of developments are typically stipulated in the funding application guidance document posted by NCHFA.

a. Determining the Number of Required Targeted Units

Determining the number of Targeted Units is affected by the funding program and the Targeted Unit affordability mechanism. Generally, Targeting Program guidelines require all Housing Credit developments and bond deals to target 10% of the total number of units (including market rate units). The number of Targeted Units is always rounded up for this purpose (e.g., if a development has 32 total units, the number of Targeted Units is four). NCHFA also allows property owners to request to increase the number of Targeting Units up to 20% of the total units in the property (Voluntary Targeted Units).

There is a special five unit targeting minimum rule for developments that have project-based rental assistance for some or all units (e.g., if a Housing Credit development has 32 units and project-based rental assistance from HUD or Rural Development, the number of Targeted Units is five, not four, as the five unit targeting minimum rule must be applied. If a Housing Credit development has 63 units and project-based rental assistance, the 10% rule applies, requiring that seven units be targeted).

b. Affordability Mechanisms

Targeted Units must be affordable to individuals with income as low as Supplemental Security Income (SSI). Owners must specify how Targeted Units will be affordable in the Targeting Unit Agreement. Since 2004, Key Rental Assistance has been available to developments with Targeted Units. For more detailed information on Key Rental Assistance, [see the Key Rental Assistance section](#). Key Rental Assistance is the most common affordability mechanism used with Targeted Units.

Examples of other affordability mechanisms used with Targeted Units include but are not limited to the following:

- Project-based rental assistance from Rural Development or the U.S. Department of Housing and Urban Development.
- State funded tenant-based vouchers like Transitions to Community Living Vouchers.
- Federally funded tenant-based vouchers like Housing Choice Vouchers (Section 8).

c. Voluntary Targeted Unit Withdrawal

Owners may withdraw Voluntary Targeted Units from program participation provided the unit(s) are not occupied by a Targeting Program Qualified Tenant and the owner serves NCHFA with 90 days written notice. When NCHFA acknowledges receipt of written notice, DHHS will cease sending new Targeted Unit referrals to the property management company (unless the Required Targeted Unit obligation is not met).

For a period up to 90 days after the acknowledgement date, the property management company must continue to process applications for and lease units to all eligible Targeting Program applicants referred prior to the acknowledgement date.

Voluntary Targeted Units occupied by a Targeting Program tenant can be withdrawn from the program once the tenant vacates the unit. Property management cannot evict Targeting Program tenants or refuse their lease renewal for the purpose of facilitating withdrawal of the Voluntary Targeted Unit from the Targeting Program.

Key Rental Assistance Overview

NCHFA and DHHS created Key Rental Assistance in 2004 to make Targeted Units affordable to individuals with disabilities who have incomes as low as Supplemental Security Income (SSI). Key Rental Assistance was initially funded for a 10-year period with NCHFA HOME funds and DHHS Division of Mental Health, Developmental Disabilities and Substance Abuse Services' Mental Health Trust Fund. The NC General Assembly has funded reoccurring appropriations for Key Rental Assistance since 2006.

Housing Credit developments funded since 2004 have access to Key Rental Assistance to subsidize Targeted Units as do owners/developers who have sought access to Key Rental Assistance funding through the Housing 400 Initiative. Not all developments with Targeted Units have Key Rental Assistance, but all developments using Key Rental Assistance are part of the Targeting Program.

Key Rental Assistance funds pay the difference between the Targeted Unit tenant rent share and the Key Payment Standard set by NCHFA and DHHS. NCHFA pays Key Rental Assistance directly to property management based on monthly requisitions submitted to NCHFA for units occupied by Key Rental Assistance-eligible tenants.

NCHFA and DHHS designed Key Rental Assistance as a bridge subsidy. Targeted Unit tenants must document their status on local Housing Choice Voucher (Section 8) waitlists and are encouraged to pursue access to Housing Choice Voucher (Section 8) Assistance. This requirement maximizes the number of households benefiting from the Key Rental Assistance by facilitating tenants' transition to permanent, portable federal assistance if it becomes available. For more detailed information on Key Rental Assistance, see [Key Rental Assistance section](#).

Other Types of Targeted Unit Affordability

Some developments make their Targeted Units affordable through mechanisms other than Key Rental Assistance. Project-based rental assistance from the U.S. Dept. of Housing and Urban Development (HUD) or the U.S. Dept. of Agriculture (UDSA) is the most frequent type of Targeted Unit affordability other than Key Rental Assistance.

Developments that have a Targeting Unit Agreement specifying that project-based rental assistance will be used to make Targeted Units affordable are bound by rules associated with the project-based rental assistance funding source and the Targeting Unit Agreement. If developments have project-based rental assistance for less than 100% of the units, the Targeting Unit Agreement may indicate that project-based rental assistance *and* Key Rental Assistance will be used to make Targeted Units affordable. If all project-based rental assistance units are leased before all Targeted Units are leased, the development will utilize Key Rental Assistance to make the remaining Targeted Units affordable.

Online Reporting Systems

The property management company of properties participating in the Targeting Program and DHHS must use the following online systems, administered by NCHFA, for the purposes described below.

a. Rental Compliance Reporting System (RCRS)

- The property management company enters household information related to unit events within 30 days of the event, for periodic review and approval by NCHFA compliance staff to document program compliance for the applicable programs, related to use of units by Program Qualified Tenants.

- The property management company requests Key Rental Assistance payment, if applicable, within 30 days of the move-in date and monthly thereafter.

b. Vacancy and Referral System (V&R System)

- The property management company enters information for every vacancy at the property.
- DHHS matches individuals' needs and preferences to characteristics of the available unit and refers individuals to initiate and facilitate the unit selection and leasing process.
- DHHS enters basic individual and household information to make the property management company aware of the individual/households' needs and preferences.
- The property management company enters updates to make DHHS aware of the applicant's contact with them until the applicant has completed an application for housing or that DHHS should refer another applicant for the available unit.
- The property management company enters updates to make DHHS aware of the housing application decision. If the application is denied, DHHS enters an update to indicate if the applicant intends to appeal the decision or request reasonable accommodation.
- The property management company enters updates until the housing application is concluded by confirming tenant move in or by documenting why the applicant is not approved or is not proceeding with leasing.
- Once a vacant unit is entered by the property management company, should there be no viable referral, DHHS will release the unit.
- NCHFA and DHHS reserve the right to withhold Key Rental Assistance payments if the V&R System is not updated in a timely manner, until such time that the V&R System is up to date. [See Appendix C for The Life of a Vacancy document for instructions.](#)

Part Three:

Owner/Property Management Roles and Responsibilities

Owner/property management's understanding of Targeting Program and Key Rental Assistance policies and procedures is vital to efficient and effective program operation. Owner/property management responsibilities include the following:

- Comply with the Targeting Unit Agreement requirements.
- Attend Targeting Program, Key Rental Assistance, RCRS and V&R System trainings.
- Continuously train all staff on Targeting Program and Key Rental Assistance policies and procedures.
- Make the Targeting Unit Agreement available for staff at all properties.
- Comply with the Targeting Program referral process ([see here for details](#)).
- Comply with the Targeting Program lease-up process ([see here for details](#)).
- Utilize the RCRS and V&R System.
- Identify the handicapped accessibility features of units in the V&R System.
- Communicate tenancy issues or concerns with DHHS.

Targeting Program & Key Rental Assistance Trainings

Training opportunities are available to regional and on-site property management staff throughout the year.

- DHHS will coordinate training with property management as each property approaches the initial lease-up period.
- DHHS will train property management on their roles and responsibilities and on program policies and procedures.
- NCHFA and DHHS conduct regular property management training throughout the year that includes training on the Targeting Program, Key Rental Assistance RCRS and the V&R System.

It is important that regional property management staff train all new on-site property managers on Targeting Program and Key Rental Assistance requirements. Regional property management staff may contact DHHS for training assistance.

Descriptions of trainings offered by NCHFA and training schedules are available on the NCHFA website.

Leasing Targeted Units Through the Referral Process

DHHS and property management work together to fill Targeted Units during initial property lease up whether the development is newly constructed or rehabbed and when unit turnover occurs after lease up.

In managing the referral process, DHHS establishes waitlists for the Targeted Units at each property participating in the program. DHHS accepts referrals from approved service providers. Property management should only allow individuals who were referred through DHHS to apply for Targeted Units. A *Targeting Program Letter of Referral* from DHHS uploaded in the V&R System is the only indication that an individual has gone through the DHHS referral process. Property management will do the following:

1. Hold Targeted Units open for referrals from DHHS for a period of 90 days starting from the first Certificate of Occupancy.
2. After initial lease-up, hold vacancies open for referrals from DHHS for a period of 30 days starting from the date property management enters the vacancy in the V&R System.



Note:

DHHS has the option to release held vacancies earlier.

Identify Handicap-Accessible Units in the V&R System

Since 2006 NCHFA has required all developers seeking Housing Credits to build 5% more accessible units than required under Fair Housing standards. These accessible apartments include curbless showers and allow for parallel toilet transfers.

Owners/property managers should know the following characteristics of every unit on their property:

- Does the unit have a roll-in shower?
- Does the unit have wider doors and grab bars?
- Does the unit have assistive technology?
- Does the unit have more than one floor within the unit?
- Does the unit have exterior stairs (stairs attached to the entrance of the unit?)
- Does the unit have elevator access?
- What floor is the unit on?

Unit Accessibility	
Unit has a roll-in shower *:	<input type="text"/>
Unit has wider doors and grab bars *:	<input type="text"/>
Unit has assistive technology *:	<input type="text"/>
Unit has more than one floor *:	<input type="text"/>
Exterior Stairs *:	<input type="text"/>
Elevator Access *:	Yes <input type="text"/>
Unit Floor *:	Ground Floor <input type="text"/>

Owners/property managers must answer the accessibility questions accurately in the V&R System.



Note:

Not all individuals referred to the Targeting Program need handicap-accessible units. It is important that property management be flexible in assigning Targeted Units according to the needs of referred individuals.

The Referral Process

The referral process for the Targeting Program occurs in the following order for all applicants.

1. DHHS gives approved service providers information about apartment developments with Targeted Units through the local property listings for the program. These listings provide service providers information to help applicants decide if they would like to be referred to specific properties based on the property's location, accessibility to public transportation, community amenities and proximity to individuals' natural support systems.
2. Service providers discuss properties with the referred individual then complete the referral packet and submit it to DHHS. Unless units are immediately available for application, DHHS places referred individuals on property-specific waitlists and confirms waitlist placement with the service providers. DHHS has discretion to establish priority populations and advances individuals on waitlists accordingly.
3. During the waiting period, the referring service provider and individual should work together to prepare for eventual housing application by obtaining necessary identification (photo ID, social security card, birth certificates, etc.), repairing credit, engaging in life skills development, etc.
4. When units become available, property management notifies DHHS directly through the V&R System. DHHS reviews the waitlist to identify individuals eligible for the specific unit and contacts the service provider to see if the individual still needs housing and can apply at that time. If the individual is ready and can apply for housing, DHHS notifies the property by uploading the *Letter of Referral* to the V&R System with the name for the individual applying for housing. [See Appendix C *The Life of a Vacancy* document for instructions.](#)

Designating Units as Targeting Units in RCRS

Property management must designate a tenant's subsidy type in RCRS. By selecting "Key Rental Assistance", RCRS designates the household as a "DHHS Targeting" Unit. If the household has a subsidy other than Key Rental Assistance, property management must designate the unit as a "DHHS Targeting" Unit.

Leasing Unit to Targeting Program Applicants During Property Lease Up

Property management is responsible for contacting DHHS when they are ready to start pre-leasing. The referral process must begin in close proximity to initiation of pre-leasing or at least 45 days in advance of the Certificate of Occupancy. This ensures that

Targeted Unit applicants have access to the full range of unit sizes and the property achieves compliance with the total number of Required Targeted Units in a timely manner. NCHFA will monitor for compliance with this requirement.

Property management and DHHS will establish a referral start date for the development and DHHS will communicate the date to approved service providers in advance of the referral start date.

Property management must keep DHHS informed of the referred individual's application status by entering updates in the V&R System. DHHS can forward additional referrals to the property if initially-referred applicants do not proceed with application to housing with property management or are not proceeding with leasing. If the property is using Key Rental Assistance to make Targeted Units affordable, property management and NCHFA should complete the *Key Rental Assistance: Owner Agreement to Participate* at this time.

Integration of Targeted Units throughout developments is a Targeting Unit Agreement requirement. At initial lease-up, the needs of individuals should drive which units get leased as Targeted Units. Some buildings may receive Certificates of Occupancy long before others and because building design may result in all units in a building being the same size (e.g., all one-bedroom units), a property may end up with more than one Targeted Unit in the same building. Property management and DHHS should work out an agreement on how units will be made available to the Targeting Program if a property has multiple buildings that will come online in a sequential manner over time.

As property managers identify unit types by entering them in the V&R System during property lease-up, they are required to comply with the following Program guidelines:

- Targeted Units must float (must not be limited to pre-selected units) to ensure individuals have a choice of which eligible unit to occupy.
- Targeted Units must be scattered throughout the property as much as feasible, to prevent over-concentration of individuals with disabling conditions in one area of the property.
- Targeted Units should not be distinguishable from non-Targeted Units in any way.
- Targeted Unit size and mix will depend on the needs of the referred individual.
- Targeted Units should never be designated in advance of receiving referrals.

Leasing Units to Targeting Program Applicants Upon Turnover

Property management is responsible for notifying DHHS of all vacancies at the property through the V&R System, regardless of income targeting levels or bedroom sizes. When property management learns a vacancy will occur, they should immediately enter the vacancy in the V&R System.

The property manager must hold Targeted Unit vacancies open for referrals from DHHS for a period of 30 days starting from the date when property management enters the vacancy in the V&R System. [See Appendix C *The Life of a Vacancy* document](#) for policies and procedures for entering vacancies into the V&R System.

How Property Managers Should Direct Walk-Ins

A person looking for housing who “walks-in” to a property manager’s office may disclose that they have a disability. Property managers cannot count any unit they lease as a Targeted Unit if the applicant was not referred through the V&R System, nor will NCHFA pay Key Rental Assistance to property management for that unit. Property management should not make determinations about an individual’s appropriateness for a Targeted Unit. These decisions are made by approved service providers that have committed to participate in the program, trained on referred individuals needs and agreed to provide ongoing access to services to individuals they refer to Targeted Units. If individuals ask property management about the Targeting Program or Key Rental Assistance by name, property management may give the individual contact information for DHHS.

Processing Applications for Referred Individuals

Referred households must be Housing Credit Program eligible (income, student status) and project eligible (elderly, non-elderly, household size, criminal background, etc.). All properties must have an NCHFA-approved Tenant Selection Plan that is no more restrictive than the NCHFA’s most current version of the *Fair Housing and Tenant Selection Plan Policy for Properties Monitored by the North Carolina Housing Finance*. This document is available on the NCHFA website.

For all properties, regardless of Targeting Program participation, the screening criteria must not be so restrictive that it creates a disparate impact on minority groups protected by the federal Fair Housing Act. Property managers process referred individuals’ housing applications using the same criteria applied to all other housing applicants with the exception of credit screening criteria.

Property management must waive the credit screening criteria for applicants – including additional household members, if any – participating in programs or receiving

assistance which provides the property manager with the ability to recover any economic losses related to the tenancy (e.g., risk mitigation tools such as HUD Special Claims and Targeting Program Special Claims). The benefit of risk mitigation applies to the household, not the applicant alone. [For more detailed information on Targeting Program risk mitigation claims, see Risk Mitigation Claims section.](#)

In addition to a *Targeting Program Letter of Referral*, eligibility for a Targeted Unit depends on the source of rental assistance. To be eligible for Targeted Units with project-based rental assistance, the head of household must meet the rental assistance program's definition of disabled if one exists. For units with Key Rental Assistance, the household must meet Key Rental Assistance eligibility criteria described in the [Key Eligibility Criteria section](#).

Property managers must update the V&R System in a timely manner during the application process. This timely practice increases access to the Targeted Unit and reduces the time the unit is vacant.

Property Management updates the V&R System to communicate the following information:

- A referred individual has or has not contacted management to begin the lease application process within 5 business days from receipt of the *Letter of Referral*.
- A referred individual has been approved for or denied housing. (Property managers must upload the denial letter.)

It is the responsibility of property management to determine and document whether the household meets project eligibility, including the income qualifications required by the type of rental assistance for the unit.

Application Fees

Property managers should not charge application fees to Targeting Program applicants or their household members.



Note:

Property Management must have a *Targeting Program Letter of Referral* for the head of household submitted by DHHS to begin processing the lease application.

Hold Fees

DHHS may authorize payment of hold fees to property management when a viable applicant needs additional time to complete the application process or sign a lease. Properties are not eligible to receive hold fees during the initial 90-day or subsequent 30-day hold periods or during the time needed to complete an application process involving a request for reasonable accommodation the applicant initiated before the end of the 30-day period.

Security Deposits

Key Rental Assistance is used to pay security deposits on behalf of all Targeting Program applicants with a *Targeting Program Letter of Referral* from DHHS. This is true whether or not Targeting Program tenants use Key Rental Assistance for rent subsidy.

Targeting Program tenants are only eligible to receive one security deposit payment per 12-month period and deposits are only paid upon the initial move in at the property. Moving from one unit to another within the same property does not qualify for a new deposit. The security deposit reverts to the tenant upon move out and settlement of the security deposit disposition. [For more detailed information on security deposit amounts and payments, see here.](#)

Live-in Aides

An individual referred to a Targeted Unit may require a live-in aide. DHHS uses the following definition of a live-in aide for the Targeting Program. A live-in aide is an individual who meets **all** the following criteria:

- Resides with one or more elderly individuals, near-elderly individual(s) or individual(s) with disabilities.
- Is determined to be essential to the care and well-being of the individual(s).
- Is not obligated for the support of the individual(s).
- Would not be living in the unit except to provide the necessary supportive services to a specific individual.
 - The live-in aide was not part of the household prior to receiving program assistance.
 - There is no other reason for the aide to reside in the unit (e.g., the individual can demonstrate they have a previous residence they left in good standing).
(A spouse, domestic partner and the like cannot be a live-in aide)

because of this requirement.)

- The aide and the individual maintain separate finances.

A relative of the tenant may serve as a live-in aide but must meet the above requirement. Generally, live-in aides, whether they are a relative of the tenant or not, may not bring other family members with them to live in the unit. Exceptions may be allowed in certain circumstances, per Key Rental Assistance policy guidelines. In these situations, DHHS review and approval must be obtained prior to the addition of the live-in aide to the household. One additional bedroom for the live-in aide and the DHHS-approved family member(s) is allowed; however, DHHS may approve the tenant to have more than one extra bedroom depending on unique circumstances. Further documentation may be required.

The live-in aide qualifies for occupancy only as long as the individual needing supportive services requires the aide's services and remains a tenant. Live-in aides do not qualify for continued occupancy if these two requirements are not met.

Property management companies are encouraged to use lease addendums that deny occupancy to live-in aides after the tenant is no longer living in the unit. The addendum must establish that a live-in aide is not eligible to remain in the unit once the tenant moves out, regardless of the circumstances of the tenant's departure. The live-in aide addendum may give the property manager the right to evict a live-in aide who violates any of the lease terms. The Live-in Care Attendant Affidavit and Live-in Care Attendant Verification form is available on the NCHFA website.

The screening of live-in aides at initial occupancy and added to the household after initial occupancy involve the same screening activities. Live-in aides should be screened for the same criteria established for other applicants except for criterion regarding the ability to pay rent on time because live-in aides are not responsible for rent payments.

Live-in aides are not considered household members when calculating total gross household income and when determining which income limit per household size to apply to the household. Under Key Rental Assistance guidelines, however, live-in aides are considered household members when determining the unit size the household is eligible for and the percentage of income the household pays towards rent (e.g., under Key Rental Assistance guidelines a single individual is eligible for a one-bedroom unit and pays 25% of their income towards rent, but a single individual *with a live-in aide* is eligible for a two-bedroom unit and pays 20% of their income towards rent).

Reasonable Accommodations During Housing Application

Individuals with a disability may request a reasonable accommodation during the housing application process, if there is a connection between the individual's disability

and the requested accommodation. The property owner and property management company must quickly review requests for reasonable accommodation and render decisions as timely as possible.

If a property management company denies housing to an applicant, the following occurs:

1. Management company must promptly notify the applicant in writing of the denial, the denial reason and the applicant's right to appeal the decision or request a reasonable accommodation in accordance with federal and state Fair Housing law and simultaneously notify DHHS of the denial and denial reason by uploading a copy of the denial letter in the V&R System.
2. Property management gives the applicant a minimum of 8 business days to request a reasonable accommodation during which time property management holds the unit for the applicant. **The 8 business days start when the letter of denial is uploaded in the V&R System.**
3. DHHS enters an update in the V&R System to indicate if the applicant intends to appeal the decision or request reasonable accommodation.
4. The property management company enters updates in the V&R System until the housing application is concluded by confirming tenant move in or by documenting why the applicant is not approved or is not proceeding with leasing.
5. If a reasonable accommodation request is denied, the applicant must be afforded another 8 business days to challenge the decision before the unit can be rented to another applicant.
6. DHHS will either release the unit for re-rental or notify the property management company that the applicant is asking for reconsideration.
7. The property owner and property management company must hold the unit for the applicant until the request is resolved.

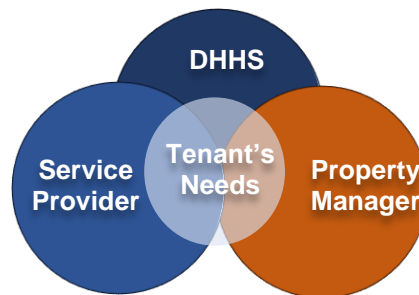
Properties are not eligible to receive hold fees during request for reasonable accommodation when the application was initiated before the end of the 30-day period.

Fair Housing for Tenants with Disabilities: Understanding Reasonable Accommodations and Reasonable Modifications 2018 Updated Edition is available on the NCHFA website.

Property Managers Supporting Targeting Program Tenants

In the months and years that follow initial lease signing, individuals may need support from their property managers to ensure that they successfully maintain housing in the community.

Property Managers, DHHS and Service Providers Working Together



DHHS is typically the first point of contact for property managers regarding all Targeted Unit tenants. When a property manager contacts DHHS regarding a tenancy issue, DHHS will contact the appropriate service provider to address the tenancy issue with appropriate intervention. Property managers, with consent from individuals, may engage in direct communication with service providers but the property manager must also contact DHHS immediately.



Note:

The best way to preserve tenancy for Targeted Unit tenants is for service providers and property managers to communicate issues early to DHHS before they escalate into serious lease violations.

Tenant Transfers

From time to time Targeting Program tenants have the need for a Targeted Unit transfer. Below are the program guidelines on how to proceed with Targeting Program tenant transfers.

Transfer Within the Same Property

If a Targeting Program tenant receiving Key Rental Assistance moves to another unit in the same property, property management must treat the move as a “transfer” in RCRS. The paper documentation can indicate this is a move out/move in to satisfy Housing Credit requirements. This ensures accurate reporting of households served and prevents RCRS from generating a new security deposit payment. Management must apply the original security deposit payment to the new unit.

Transfer to a Different Property

If a Targeting Program tenant requests a transfer to a different property, the tenant’s service provider must submit a new Targeting Program referral packet to DHHS for the new property. Until a unit becomes available, there is no further action needed. When a unit becomes available at the individual’s property of interest, DHHS moves forward with the standard referral process procedure and will communicate any changes involving tenant move out to the current management company.

Safety Transfer

If a Targeting Program tenant requests a transfer due to medical or safety concerns, please contact DHHS. [See here](#) for more information on how service providers can request safety transfers for Targeting Program tenants.

Transfer 15-day Policy

Targeting Program guidelines do not allow a tenant to occupy two units simultaneously and therefore will not pay Key Rental Assistance for two units for more than 15 days. If a Targeting Program tenant moves directly from one Targeted Unit to another Targeted Unit, the tenant’s household will only be eligible to receive Key Rental Assistance for both Targeted Units for a maximum of 15 days.

If the Targeting Program tenant chooses to not comply with the move-out and move-in terms stated above, DHHS will provide a termination notice to both the tenant and management company. Key Rental Assistance will terminate 30 days following the date of the termination notice. If the tenant chooses to remain in the unit, the tenant’s household will be responsible to pay the full rental amount for the unit.

Relocating Properties Policy

Relocating properties triggers a new application for Key Rental Assistance. If a tenant's income increased above 50% AMI at recertification while at their current property and then the tenant relocates to a different property, they no longer qualify for Key Rental Assistance. This also applies to affiliated properties (e.g., different phases of the same properties).

Key Rental Assistance

NCHFA pays Key Rental Assistance directly to property management based on monthly requisitions submitted to NCHFA. Property management is only paid Key Rental Assistance for Targeted Units occupied by Key-eligible tenants. Key Rental Assistance is "attached" to the property and cannot be transferred if a Targeted Unit tenant moves from the property. Owners and property management agree to accept Key Payment Standards for Targeted Units regardless of the standard rent for units leased by Targeted Unit tenants.

Key Rental Assistance: Owner Agreement to Participate

NCHFA must have an executed Key Rental Assistance: Owner Agreement to Participate (OAP) to process Key Rental Assistance payment requests. While this is the responsibility of the owner, property management companies often facilitate completion of the OAP. The OAP is prepared by NCHFA upon request from the owner or management company in RCRS. Requests should be made during the Targeting Unit Agreement completion process.

Key Rental Assistance Payment Standards and Tenant Rent Share

Key Rental Assistance pays the difference between the Targeted Unit tenant rent share and the Key Rental Assistance payment standard set by NCHFA and DHHS. Key Rental Assistance payment standards are documented in RCRS and represent the total amount of rent owners may collect for Targeted Units. A common misconception is that the owner collects the full Key Payment Standard from NCHFA in addition to the tenant rent share.

Table A ([here](#)) documents the percentage of income tenants pay towards the Key Payment Standard. The tenant rent share varies according to unit size and who pays utilities. If owners pay **all** utilities (electric, gas, water and sewer), Targeted Unit tenants pay 30% of their income towards rent regardless of unit size.

Property management must collect Targeted Unit tenant rent share on a monthly basis regardless of how small the amount may be. It is not helpful to the tenant for property management to ignore missed payments only to eventually request payment in arrears. **Property management should notify DHHS, in conjunction with the tenant, if the tenant is late paying rent or misses a rent payment so DHHS can notify the tenant's service provider for tenant assistance.**

Undercharged or Overcharged Tenant Rent Share

If the property manager has undercharged the tenant for tenant rent share, property management must give the tenant a 30-day notice prior to increasing the tenant rent share going forward. Property managers cannot charge tenants retroactive payments. If the property manager has overcharged the tenant for tenant rent share, the property manager must adjust the tenant rent share and **credit the tenant's account** for any amount overpaid. The tenant should never pay "0" towards tenant rent share. The overage should be prorated in equal parts.

Key Eligibility Criteria

To be eligible for Key Rental Assistance, tenants must meet all criteria below:

1. Households must be referred to the Targeting Program by approved service providers.
2. Households must be headed by adults with income based on their disability from a federal program (SSI, SSDI or VA benefits). If the disability benefit decision is pending or disability income is temporary such as worker's compensation, households are not eligible for Key Rental Assistance.
3. Total gross household income cannot exceed 50% AMI of the North Carolina State-mandated Income Limits.
4. Household income is a minimum of \$300 per month.
5. Households must meet the minimum household size per unit size provided in Table A below. Single individual households may rent two-bedroom units only at properties built without one-bedroom units.
6. The adult applicant must be a legal permanent resident.

[Table A on next page]

Table A: Tenant Rent Share by Unit Size and Payer of Utilities

Unit Size	Minimum Household Size	% of Income Paid Toward Rent (Tenant pays utilities)	% of Income Paid Toward Rent (Owner pays utilities)
Efficiency/Studio	1 person	25%	30%
1 Bedroom	1 person	25%	30%
2 Bedroom	2 persons*	20%	30%
3 Bedroom	4 persons	15%	30%
4 Bedroom	6 persons	10%	30%

* Single person households may rent two-bedroom units only at properties built without one-bedroom units. In these cases, the tenant rent share is 25% of income when the tenant pays utilities.

Verifying Key Rental Assistance Eligibility (DHHS)

DHHS is responsible for verifying the following two components of Key Rental Assistance eligibility:

1. Households are headed by an adult with federal disability income based on their disability.
2. The adult head of household is a legal permanent resident.

Verifying Key Rental Assistance Eligibility (Property Management)

Property Management is responsible for verifying the following four components of Key Rental Assistance Eligibility:

1. Individuals must have a completed *Targeting Program Letter of Referral* signed by a DHHS Targeting Program staff member uploaded to the V&R System.
2. Households must have minimum income of \$300 per month.
3. Household income does not exceed state mandated 50% area median income at time of move in.
4. Households meet the required bedroom size standard (noted on the *Targeting Program Letter of Referral*).

If management rents a Targeted Unit to a household and fails to verify any element of eligibility, management must continue to lease the unit to the household for the initial lease term but Key Rental Assistance will not be paid.

Verifying Key Rental Assistance Eligibility (NCHFA)

NCHFA is responsible for verifying the following components of Key Rental Assistance eligibility through performing the following:

- Conducting a complete file review at initial move in and annual income recertification thereafter for every Targeted Unit tenant household with Key Rental Assistance.
- Verifying household eligibility for both the Housing Credit Program and Key Rental Assistance. (NCHFA relies on DHHS's verification of source of disability income for the head of household and residency status as does property management; otherwise, NCHFA staff verify all other components of Key Rental Assistance eligibility, the same as property management, before making initial Key Rental Assistance payment and payments after each subsequent annual income recertification file review.)

Key Rental Assistance Waivers

To be eligible for Targeted Units with Key Rental Assistance, individuals must meet all Key Rental Assistance eligibility criteria listed [here](#). To expand access to these units, service providers may sponsor the following types of Key Rental Assistance waivers for individuals that do not meet certain eligibility criteria:

- Disability Income Waiver (this waiver is only needed if required at move-in. If during tenancy the tenant transitions from disability to normal retirement, no waiver is needed at the point).
- Income adjustment waiver (benefits households that suffer an undue burden paying the tenant rent share). Income adjustment waivers require a copy of the *Tenant Income Certification* from property management. *Tenant Income Certifications* are requested from property management by the applicant/tenant.
- Older persons waiver (benefits individuals who are receiving Social Security retirement benefits and are disabled but do not have disability income).
- NC Transitions Program Waiver.
- Medical Unit size waiver (benefits individuals that have disability- related needs for an extra bedroom or for particular features of an available unit that

the household is technically not large enough to lease per Key Rental Assistance eligibility criteria).

DHHS will upload waiver request approval letters in the V&R System for property management. Property management must upload the waiver approval letter with the tenant file documents into RCRS before NCHFA can complete a review of the file and make Key Rental Assistance payments.

- **Using Income Listed on the NC Transitions Program Waiver**

The NC Transitions Program waiver provides the amount of income to be used on the *Tenant Income Certification* at move in and the amount of income to be used to calculate Key Rental Assistance and tenant rent share for a specified time frame. Property management should enter the move-in unit event in RCRS using the income information provided in the waiver. An income override (\$1) is required in RCRS when entering the move-in unit event. Property management should upload all documents as would be done for any other move-in unit event including the *NC Transitions Waiver* letter.

After the move-in unit event is entered in RCRS, property management should enter a unit update event, again, using the amount of income and specified timeframe within the waiver letter. Property management should upload the *Key lease addendum*, the *Key calculation worksheet* and the *NC Transitions Waiver* letter. No income override is required for the unit update event. [See here](#) for additional information regarding waivers.

Key Lease Addendum

Property management must have all Targeting Program tenants supported by Key Rental Assistance sign a *Key Lease Addendum* annually.

Key Rental Assistance & Properties with HOME Funding

HUD has determined Key Rental Assistance is a form of project-based rental assistance. Key Rental Assistance does not create a compliance problem if the assisted families' rent contribution does not exceed 30% of the families' adjusted income and the units are designated as Low HOME units, per 24 CFR 92.252(b)(2).

Key Rental Assistance policy doesn't allow a unit with Key Rental Assistance to be designated as a HOME unit unless 100% of the units are HOME units. If all the units have HOME funding, the property manager must designate the unit with Key Rental Assistance as a low HOME unit, and compute the family's adjusted income in accordance with Chapter 5 of the HUD 4350.3 Handbook. The tenant's share of gross

rent (including the utility allowance) is equal to 30% of their monthly adjusted income. NCHFA will provide a worksheet to calculate adjusted income and the tenant portion of rent. Key Rental Assistance will pay the difference between the tenant's net rent and the payment standard, but only when all units are required to be HOME.

When a household receives an NC Transitions Program Waiver, DHHS estimates the maximum income the household may receive. This is used on the Housing Credit income certification and satisfies the Housing Credit documentation requirements. When DHHS provides this type of waiver for a HOME unit, property managers should process the initial move in, in the same manner since gross potential income goes on the income certification and Key Rental Assistance pays the full payment standard. At 120 days, property managers must complete a full recertification to verify 'actual' income rather than estimated income. Deductions must be calculated in accordance with Chapter 5 of the HUD 4350.3 Handbook to determine adjusted income and calculate the gross tenant rent correctly.

Requesting Key Rental Assistance Payment

Property management make Key Rental Assistance payment requests through RCRS. The RCRS system will calculate tenant rent and Key Rental Assistance amounts based on the unit size, income and asset information. Inaccurate data prompts file return to the property manager for correction. Failure to upload all files to RCRS within 30 days of move in will result in noncompliance effective 1/1/2018.

NCHFA processes payments within 30 days of receipt of request if property management uploads complete and accurate documentation in RCRS. NCHFA cannot make Key Rental Assistance payments for individual tenants until all required documentation is submitted and approved in RCRS and the management company has completed the move in, in the V&R System. Failure to update the V&R System will be noted as noncompliance and will place the owner and management company in not good standing with the Agency.

Rent and Key Rental Assistance will be pro-rated for the month of move in and move out, based on the number of days in the month. If a tenant moves out mid-month and Key Rental Assistance was paid for the entire month, a negative adjustment will be made on the next month's Key Rental Assistance requisition. This adjustment is shown in RCRS on the rental assistance payment request immediately following the move out entry.

Security Deposit Payment

Key Rental Assistance is used to pay security deposits on behalf of all Targeting Program tenants with a *Targeting Program Letter of Referral* from DHHS uploaded in RCRS and the V&R System.

- (a) If the applicant is utilizing the Key Rental Assistance as a subsidy, the security deposit will be processed automatically when property management sets the tenant up in RCRS, Key Rental Assistance is requested and the move in is completed in the V&R System. The security deposit will be paid in the amount of the current payment standard for the property based on the number of bedrooms.
- (b) If the applicant is not utilizing Key Rental Assistance as a subsidy, the amount of the deposit will be the lesser of the Key Rental Assistance payment standard or the security deposit charged to a non-Targeting Program applicant.

NCHFA deposits funds electronically into an account specified by the owner/management agent. The owner/management agent is responsible for transferring deposits into the appropriate trust accounts to comply with North Carolina Real Estate Trust Account law.

Required Documentation for Payment

At the time of initial lease up for new properties or if the owner or management company changes, the owner or management company must upload the required documents, listed below, into RCRS. Once the documents are uploaded and an approval date displays in RCRS, the owner or management company will have the option in RCRS to submit Key Rental Assistance requisitions. The required documents are as follows:

- Targeting Unit Agreement.
- Key Owner Agreement to Participate.
- IRS EIN letter.
- W-9.
- Direct Deposit Authorization (available on the NCHFA website).
- Any other documentation NCHFA may require in a specified manner prior to first Key Rental Assistance payment.

The first time Key Rental Assistance is requested in RCRS for a new tenant and at time of annual income re-certification all following documents must be uploaded into RCRS:

- Targeting Program Letter of Referral provided by DHHS (not required at re-certification).
- Tenant Income Certification.
- All income verifications and file documentation.

- Documentation of assets (under \$5k if allowed).
- Rental Application.
- Lease & Housing Credit & HOME Lease Addendums (move in & recertification).
- Key Lease Addendum.
- Key Rent and Subsidy Calculation Worksheet.
- Key Waiver Approval Letters, if applicable.
- Supplemental Info (at move in).



Note:

Each time a household is re-certified, a new *Key Rent and Subsidy Calculation Worksheet* must be completed with changes (if any) to household income along with other required documentation. The amount of subsidy must be adjusted in RCRS in accordance with the change in household income.

12-Month Window to Request Key Rental Assistance Payment

Key Rental Assistance payments must be submitted and approved within 12 months of the payment due month. Key Rental Assistance payment requests submitted more than 12 months after the payment due month will not be paid (e.g., if a requisition is submitted in January 2021 for 14 months of Key Rental Assistance payment [November 2019 through December 2020], the management company will not receive payment for November or December 2019 because these months are outside of the 12-month payment window for submittal and approval). Property managers should contact NCHFA and DHHS if property management would like to request reconsideration due to extenuating circumstances.

Viewing Key Rental Assistance Payment Requests in RCRS

Key Rental Assistance requests and payment history can be viewed in RCRS. RCRS will indicate if Key Rental Assistance payment requests have been approved or not approved. If not approved, the household will remain in the cue and assistance will not be paid until complete and accurate information has been submitted or a decision to deny payment is made.

After NCHFA approves a Key Rental Assistance payment request, the household will be added to the next payment request and all unpaid subsidy will be paid.

Managing Key Rental Assistance Payment Requests and Payments in RCRS

Property management should contact their company's designated RCRS administrator for RCRS access.

To assist property managers with managing Key Rental Assistance payment requests and payments, the following actions/information is available in RCRS:

- "Pause Assistance" for any household that is approved.
- "Delete Payment Requests" can be used up until NCHFA approves payment request.
- View "Approval Date" and "Date Paid".
- View detail by clicking "View".



Note:

Property managers should provide the request number when contacting NCHFA with a payment question.

Termination of Key Rental Assistance

DHHS may terminate Key Rental Assistance with a 30-day notice and/or NCHFA may deny payment for reasons related to household failure to meet eligibility, management oversight in verifying eligibility and fraud on the part of households or property management.

Property management has an obligation to notify DHHS if they learn a tenant does not meet the [Key Rental Assistance eligibility criteria](#). When a tenant's Key Rental Assistance is terminated, property management must update RCRS to indicate that the tenant is no longer receiving Key Rental Assistance. (An annual recertification is still required for the Targeted-Unit household no longer receiving Key Rental Assistance.)

Individuals with terminated Key Rental Assistance may seek assistance through the Targeting Program in the future contingent upon program eligibility at the time of application and the availability of program funds.

Property Management Leases Targeted Unit to Household Ineligible for Key Rental Assistance

If NCHFA identifies a household is ineligible for Key Rental Assistance when reviewing the initial move in or re-certification file documentation, NCHFA notifies property management and DHHS. (Annual recertifications are still required for Targeted-Unit households receiving a subsidy other than Key Rental Assistance or not receiving a subsidy). If property management is unable to provide NCHFA with the proper documentation and/or the household is not eligible for a waiver, Key Rental Assistance policy requires denial/termination of Key Rental Assistance for reasons including the following:

- **Household Income Exceeds 50% AMI at Move In**
If property management leases a unit to a household that exceeds the maximum income threshold for Key Rental Assistance, property management must allow the household to continue leasing the unit, paying the tenant rent share as calculated per Key Rental Assistance policy, until lease expiration without payment of Key Rental Assistance.
- **Household Does Not Meet Minimum Occupancy Standards**
DHHS lists the authorized unit size for each referred household on the *Targeting Program Letter of Referral* based on the Key Rental Assistance minimum occupancy standard and DHHS' knowledge of household size at the time of referral. Property management must verify household size at the time of application to ensure the household meets the minimum occupancy standard.

Property managers must communicate to DHHS a change in household size or a request by the household to increase or decrease bedrooms if different from the household size and/or number of bedrooms listed on the *Targeting Program Letter of Referral* **prior** to moving the tenant in/processing the change.

If property management leases a unit to a household that does not meet the minimum occupancy standard, property management must allow the household to continue leasing the unit, paying the tenant rent share as calculated per Key Rental Assistance policy, until lease expiration without payment of Key Rental Assistance.

- **Tenant Provides Fraudulent Information**
Key Rental Assistance policy requires termination of Key Rental Assistance due to fraud. If a household is untruthful about any material information they provide at move in or annual recertification and Key Rental Assistance is terminated, the household must assume responsibility for the full amount of rent (Key Payment Standard) in order to continue leasing the unit presuming the management company does not need to take separate action to terminate the lease to maintain compliance with other applicable regulatory requirements.

Deceased Head of Household During Tenancy

Property management should follow their policies and guidance from legal counsel if the Key-eligible head of household becomes deceased during tenancy. Key Rental Assistance guidelines differ in this situation based on whether the household is a single person household or a multiple person household.

- **Deceased Head of Household (Single Person Household)**

Key Rental Assistance payments will continue for up to 30 days after property management reports the deceased to DHHS, presuming notification is timely and management has gained possession of the unit. The maximum 30-day grace period allows time for the deceased's family to remove the individual's belongings from the unit once they have possession.

Property management may file a special claims request for any other eligible expenses associated with the death of the tenant/move out; however, death of a tenant does not constitute abandonment of unit. For more detailed information on risk mitigation claims, [see Risk Mitigation Claims section](#).

- **Deceased Head of Household (Multiple Person Household)**

DHHS may work with the remaining family member(s) to determine if they qualify for Key Rental Assistance. If no remaining household member qualifies for Key Rental Assistance, payments will continue for up to 90 days from the head of household's date of death. The 90-day grace period allows time for the remaining family member(s) to make necessary arrangements to find other housing or assume responsibility for the full rent, comply with all current lease terms and continue tenancy in the same unit.

Key-Eligible Household Member Moves Out Prior to Lease Expiration (Multiple Person Household)

DHHS may work with the remaining family member(s) to determine if they qualify for Key Rental Assistance. If no remaining household member qualifies for Key Rental Assistance, payments will continue for up to 90 days from the head of household's move-out date. The 90-day grace period allows time for the remaining family member(s) to make necessary arrangements to find other housing or assume responsibility for the full rent, comply with all current lease terms and continue tenancy in the same unit.

Household Inhibits Timely Annual Income Recertification Completion

Property management should notify DHHS if households fail to provide income verification documentation and/or refuse to sign annual Tenant Income Certifications and other documentation required at time of annual income certification. DHHS may terminate Key Rental Assistance if households refuse to cooperate with management during the annual income recertification process in a timely manner. (An annual recertification is still required for the Targeted-Unit household no longer receiving Key Rental Assistance.)

Tenant Out of the Targeted Unit for 90+ Days with No Plan for Return

The Targeting Program strongly encourages tenants to seek appropriate medical care and treatment and recognizes that tenants may experience extended hospital stays or other extended absences. However, the Targeting Program guidelines treat a failure to reside in a Targeted Unit for a period exceeding 90 consecutive days as a program policy violation that may lead to termination of Key Rental Assistance if there is no plan for the tenant to return to the unit in a reasonable amount of time.

If DHHS decides to terminate a tenant's Key Rental Assistance, DHHS will send termination notification to the tenant. Key Rental Assistance will cease 30 days from the date termination notification is sent. An individual may continue to lease the unit after the termination of Key Rental Assistance if they assume responsibility for the full rent and comply with the terms of the lease.

Household No Longer Qualifies for Key Rental Assistance Due to Increased Income

Key Rental Assistance will terminate when an individual's income has increased to an amount that the Key tenant rent share equals or exceeds the Key Rental Assistance payment standard for the unit. The unit remains part of the Targeting Program and an annual recertification is still required. Management should continue to use the Key Rent and Subsidy Calculation worksheet to determine the tenant's rent amount (subsidy will be zero) until the tenant has enough income to assume responsibility for full rent. If at any point during the tenancy the individual's income decreases, the individual may be reconsidered for Key Rental Assistance.

Household No Longer Qualifies for Key Rental Assistance Due to Receiving Other Federal Subsidy

Tenants may be terminated from or denied Key Rental Assistance if they have a federal voucher like a Housing Choice Voucher (Section 8) or any other federal subsidy. When tenants transition from Key Rental Assistance to a Housing Choice Voucher (Section 8), property management should update RCRS. Tenants transitioning from Key Rental Assistance to a Housing Choice Voucher (Section 8) still qualify as occupying a Targeted Unit. Under HUD regulation, property management can charge the local public housing authority fair market rent for the unit as opposed to charging the Key Payment Standard the property had been accepting for the unit. (Annual recertifications are still required for Targeted-Unit households receiving a subsidy other than Key Rental Assistance.)

When tenants transition to a Housing Choice Voucher (Section 8) and continue occupancy at the development, property management may create an additional Targeted Unit to utilize the unused Key Rental Assistance slot with NCHFA and DHHS approval. This means that households leasing Targeted Units may temporarily exceed the number of Targeted Units specified in the Targeting Unit Agreement. The unit remains part of the Targeting Program.

NCHFA Payment Suspension or Denial

NCHFA will suspend or deny payment requests for reasons other than the reasons listed in [the Key Rental Assistance termination section](#). Reasons include the following:

- Key Owner's Agreement to Participate documentation not executed and uploaded in RCRS prior to first Key Rental Assistance tenant move in.
- Inaccurate file documentation.
- Late or Incomplete annual income recertifications (due to management oversight).
- Request for payment outside of the allowed 12-month window.
- Steps in V&R are not completed.

Annual Tenant Income Re-certification

Property managers must recertify **ALL** Targeted-Unit households annually to determine assistance level. This includes Targeted-Unit households receiving Key Rental

Assistance, a subsidy other than Key Rental Assistance or no subsidy. Property managers should conduct the re-certification no later than the move-in date anniversary. Increases or decreases in household income and changes in household size may change the household's tenant rent share or Key Rental Assistance eligibility.

Household Income Changed

Property managers must recertify tenant income and calculate the tenant rent share annually during the annual income re-certification period. Key Rental Assistance policy doesn't require tenant income recertification and tenant rent share calculation outside of annual income recertification (except as referenced below), even if property management learns of increased household income (assuming the household is not in violation of the Housing Credit Program), unless new household members are added during tenancy.

The tenant rent share calculated during the annual income re-certification period will be included in the lease and/or the Key Lease Addendum.

Income increases above 50% AMI do not affect Key Rental Assistance eligibility. The tenant rent share simply increases proportionate to the increase in income. Households qualify for Key Rental Assistance if they qualify for one dollar or more of assistance.

If DHHS previously granted a household a Key Rental Assistance Waiver involving income adjustments and the household wishes to have their income adjusted for the upcoming year, the service provider must sponsor a new waiver request based on current eligible expenses. During re-certification, new waivers are not necessary for Key Rental Assistance eligibility purposes. These are only needed for purposes of tenant rent share calculation.

- **Household Income Increased**
If increased income results in tenant rent share exceeding Key Payment Standards, the tenant rent share will be limited to the lesser of the Key Payment Standard or the applicable AMI rent level. Property management must continue to indicate the unit as a Targeted Unit.
- **Household Income Decreased**
Property management must re-certify the household should they experience a decrease in income outside of the normal annual income recertification period. All required documentation must be completed, entered in RCRS and uploaded.
- **Household No Longer has Federal Disability Income**
DHHS verifies that adult heads of household have federal disability income based on their own disability at time of referral/move in. Management and NCHFA review and verify that this eligibility criterion for Key Rental Assistance is

met at move in or during annual income recertification. If management notices that the tenant no longer has federal disability income during annual income recertification and they are concerned the tenant may not have enough income to cover basic costs of living, property management should contact DHHS. Otherwise, property management does not need to take any action.

Household Size Changed

Property managers must complete an income recertification anytime property management is made aware of a change in household size. The size of the household impacts tenant rent share or Key Rental Assistance eligibility.

- **Household Does Not Meet the Minimum Occupancy Standards**
Households are expected to relocate when the correct size unit becomes available. If household size decreases over the course of tenancy and during re-certification a household is found to no longer meet the Key Rental Assistance minimum household size per unit size standard, the household's tenant rent share must be increased to the percentage of rent associated with the unit size for which it is presently eligible and property management must put the household on the waitlist for the next available unit appropriate for the household's size.
- **Addition of New Household Member**
Tenants need to comply with lease policies concerning the addition of new household members. The addition of any new household member to a household receiving Key Rental Assistance triggers income recertification for all members, not just the new member. This policy applies even if the new household member is a minor or a live-in aide. If tenants receive Key Rental Assistance and the new occupant increases the total gross household income, the tenant's rent share will increase proportionate to the increase in household income at time of annual income re-certification.

Property management will screen the new household member according to their Housing Credit rules and they may choose to update the existing lease, but will not execute a new 12-month lease (e.g., if the original household was a single individual paying 25% of rent towards income for a 2-bedroom unit, at time of annual income re-certification, the percentage of income the two-person household pays toward rent is 20% as the household now meets the household size per unit size standard for a two-bedroom unit).

Targeting Program Risk Mitigation Tools

The risk mitigation tools outlined below are available to property owners who rent housing to tenants who participate in the Targeting Program. *Owners and property managers must deduct all Targeting Program special claims reimbursement funds they receive from the debt owed by the former tenant. Targeting Program funds pay the special claims reimbursements on behalf of the tenant; therefore, property management should not expect the tenant to pay again.

Risk Mitigation Claims

When a tenant permanently vacates the unit, the property manager may file a risk mitigation claim to be reimbursed for the following:

- Damages caused by tenant.
- Unpaid tenant rent.
- Rent loss due to unit abandonment.
- Successful eviction costs.

The property manager must submit any of the four claim types on a single Targeting Program risk mitigation claim packet after tenant move out. Claims must be submitted and approved no later than 12 months from the tenant's move-out date to be eligible for reimbursement.

- **Reimbursement of Damages Caused by Tenant**

When the tenant permanently vacates the unit, the property manager may file a risk mitigation claim for reimbursement at a rate of 100% of the documented damages caused by the individual (minus normal wear & tear, security deposit funds and tenant repayment plan payments*), not to exceed \$3500. The property manager must have a policy of conducting unit inspections at least annually to be eligible for reimbursement of unpaid damages.

The property manager must notify DHHS of any damages caused by Targeting Program tenants upon discovery. Documentation of notification is required (e.g., copy of email to DHHS program staff).

*Program guidelines encourage the landlord/owner/agent to establish a reasonable tenant repayment plan agreed upon by both parties for damage discovered during tenancy. If the tenant moves out prior to completing the repayment plan, the landlord/owner/agent may file a risk mitigation claim for reimbursement for the remaining unpaid damages and must provide tenant repayment plan and payments documentation.

- **Reimbursement of Unpaid Tenant Portion of Rent and Late Fees**
When a tenant permanently vacates the unit, the property manager may file a risk mitigation claim for any uncollected tenant portion of rent and late fees during the period of occupancy minus the paid security deposit, not to exceed three months of the tenant portion of rent plus late fees. The property manager must timely notify DHHS of late tenant rent payment. Documentation of notification is required (e.g., copy of email to DHHS program staff).
- **Reimbursement for Vacancy Due to Tenant Abandonment of Unit**
When a tenant abandons a unit, the property manager may file a risk mitigation claim to be reimbursed for the full unit rent obligation during the remaining lease period after tenant abandonment of the unit, or until the unit is re-rented, whichever is sooner, not to exceed 2 months' rent. If the tenant has a roommate and the roommate abandons the unit, the tenant will have their subsidy recalculated as a single person household. Tenant death or eviction does not constitute abandonment. The property manager must timely notify DHHS of abandonment. Documentation of notification is required (e.g., copy of email to DHHS program staff).
- **Reimbursement for Eviction Costs**
When a tenant has repeated property rules infractions and/or lease violations, the property manager must provide three opportunities for correction, prior to eviction proceedings to be eligible for reimbursement of eviction costs. The risk mitigation claim cannot exceed \$1000, and will only be paid if the landlord prevails in the eviction action. The property manager must timely notify DHHS of **all** infractions and/or violations. Documentation of notification is required (e.g., copy of email to DHHS program staff).

Part Four:

Service Provider's Roles and Responsibilities

The goal of the Targeting Program is to provide housing opportunities for individuals with disabilities who have housing barriers beyond financial ones. Eligible Targeting Program candidates need supportive services to access *and/or* maintain housing in the community. This is why access to Targeted Units is by referral from approved service providers – agencies that have committed to provide ongoing access to supports and services to individuals they refer to the Targeting Program during the application process and tenancy.

Service provider responsibilities include the following:

- Identify a point person and back-up person to be the communication link between the service provider and DHHS. Notify DHHS of changes in assigned supportive service coordinators and contact information. (Targeting Program referrals from the service providers can only come through the point person and back-up person.)
- Ensure the point person and back-up person receive training from DHHS on the Targeting Program and the referral process prior to referring individuals to the Targeting Program.
- Ensure the point person and back-up person perform the duties listed in the Point Person and Back-up Person Responsibilities section [here](#).
- Assist individuals in the application process, including requesting and negotiating reasonable accommodations and modifications, if applicable.
- Establish routine contact (no less than once per month and more often as necessary) with individuals leasing Targeted Units to ensure early detection of any housing issues and identify any repair or maintenance issues.
- Assist individuals with budget planning to assure monthly rent and utility payments are paid on time.
- Establish a housing crisis plan with each individual that includes how to process housing crises and personal crises; this includes assuring the individual has emergency contact information including phone numbers for both personal and housing crises.
- Provide ongoing housing-related skills training if needed and identify any issues that may require additional training by other agencies.

- Assist the individual in participating in the service provider's service planning process to ensure the individual's housing goals are included in the plan along with a clear expectation for the housing supports the individual will receive to meet their housing goals.
- Assist the individual by mediating problems before an eviction occurs.
- Maintain a good working relationship through consistent communication with DHHS and, if necessary, obtain a release of information to communicate with property managers.
- Participate in 100% of the scheduled DHHS Targeting Program meetings and/or trainings in any given year that service provider is invited to (at least one representative).
- Establish a transition plan for the individual to receive services from an equivalent DHHS-approved service provider if the service provider can no longer provide ongoing supportive services.

Failure to comply with these requirements will make the service provider not in good standing with DHHS.

Becoming a Targeting Program Approved Service Provider

Service providers are eligible to become approved Targeting Program service providers if they have the professional capacity to assist individuals with disabilities by:

- Assessing individuals' potential for success in independent housing with access to the supports and services determined necessary, appropriate and available at time of referral.
- Providing referred tenants continued access to supports and services through the term of the tenancy in the Targeting Program.
- Coordinating appropriate supports and services through community providers should Targeting Program individuals' needs exceed the service provider's service capacity.

To become an approved service provider, service providers must:

- Meet service provider eligibility described on the *Referral Agency Agreement to Participate*.
- Complete and return the *Referral Agency Agreement to Participate* to DHHS.

- Require the point person and the back-up person identified on the *Referral Agency Agreement to Participate* attend a DHHS Targeting Program training.

These conditions to become an approved service provider have been instituted to help ensure that service providers have a strong understanding of the program and of the commitment that comes with program participation. The program is designed to serve extremely and very low-income individuals with disabilities who need services to help them access and/or maintain housing in the community.

Becoming a Targeting Program Partner Agency

From time to time, DHHS allows human service agencies that meet eligibility criteria to serve as a partner agency for the Targeting Program. All references to “service providers” throughout this document are meant to include “partner agencies”.

Partner Agency Assisting Targeting Program Tenant

There are situations when a tenant needs to move for safety or medical reasons but the individual is no longer connected to an approved service provider but does receive services through another human service agency. For these agencies to assist the tenant with the required Targeting Program documentation the following steps must be taken:

1. The tenant signs a release of information that allows DHHS and the human service agency to exchange information about their tenancy.
2. The human service agency provides a letter to DHHS that states its ability to assist the tenant and its commitment to provide intervention to the tenant if needed.
3. The Targeting Program supervisor agrees to the human service agency serving as a partner agency.
4. The human service agency signs the *Partner Agency Agreement to Participate* within 90 days of requesting to assist the tenant and become a partner agency.

Agreements to Participate

A *Referral Agency Agreement to Participate* or *Partner Agency Agreement to Participate* must be signed by an authorized service provider/partner agency

representative (e.g., Executive Director, Program Director) so that understanding of program involvement exists at the management level. The authorized service provider/partner agency representative should also appoint appropriate individuals within their agencies to be a point person and a back-up person based on an understanding of these roles and associated responsibilities.

Service providers MUST understand eligibility requirements, the referral process, the housing application process and MUST be able to provide ongoing access to services for Targeted Unit tenants.

Point Person and Back-up Person Responsibilities

Because hundreds of service providers participate in the program statewide, all approved service providers must identify two staff members – the point person and back-up person – to be the communication link between the service provider and DHHS.

While service provider staff may identify individuals to refer to the Targeting Program and complete referral paperwork, all referrals from the service provider to DHHS must be signed off on by either the point person or the back-up person.

Responsibilities of the point person and back-up person include the following:

- Train service provider staff who may identify individuals for Targeted Units on Targeting Program policies and procedures and on the expectations associated with referring individuals to the Targeting Program including verification of eligibility, assisting individuals in the housing application process and supporting tenants after move in.
- Review all referral forms for appropriateness and accuracy and acquire an authorized representative's signature before forms are submitted to DHHS.
- Keep a record of all referrals made to the Targeting Program and of those referred applicants who lease Targeted Units. Keeping a record of referrals and Targeted Unit tenants and their caseworkers will help the point person and back-up person triage issues when called by DHHS.
- Assist DHHS with referral-related issues in a timely manner.

- Assist DHHS with Targeted Unit tenancy issues in a timely manner.
- Notify DHHS when individuals should be removed from waitlists because of a change in circumstances (e.g., individuals find other housing, become deceased, leave the area, no longer are deemed appropriate for referral).
- Communicate with the DHHS about any issues with Targeted Unit tenants.

Service providers must notify DHHS of changes in the point person or the back-up person. Persons new to the role must participate in a DHHS-sponsored service provider training within a timely manner for the service provider to remain on the approved service provider list.

Targeting Program Referral Process

Referrals must come to DHHS through the identified point person or back-up person for each service provider. This ensures that one person within each agency assumes responsibility for overseeing the appropriateness of referrals to the program and is monitoring and tracking all referrals. The following sections describe the referral process.

Assessing Individuals for the Targeting Program

The Targeting Program provides housing opportunities for individuals with disabilities who have financial barriers to housing *and* need supportive services to access and/or maintain community housing. It is important the service provider understands that Targeting Program housing does not provide on-site supportive services and may not be appropriate for some individuals that require this. Before referring individuals to the Targeting Program, agencies must assure the individual has access to the supportive services needed for successful community living through the services offered by the service provider or other community providers.

Initial screening for Targeting Program eligibility is conducted by approved service providers and is documented in the *Targeting Program Letter of Referral*. To qualify for the Targeting Program an applicant must be 18 years old or older and have a disability defined as:

- Medically determinable physical or mental impairment and,
 - Results in the inability to do any substantial gainful activity and,
 - Can be expected to result in death,
- OR**

- Has lasted or can be expected to last for a continuous period of not less than 12 months.

The definition of disability used above comes from NCGS § 168A-3.

Identifying Local Targeting Program Housing Options

DHHS provides approved service providers information about properties with Targeted Units through local property listings. These listings give service providers information to help individuals decide if they would like to be referred to specific properties and to determine if individuals meet basic property and rent assistance eligibility criteria.

Property listings include the property address, type of rent assistance, number of Targeted Units, property-specific eligibility criteria, unit sizes, Targeted Unit tenant rent share and information about whether waitlists are open for new referrals. DHHS updates listings as needed and sends listings to approved service providers via email distribution lists.

Housing choice is a strong predictor of housing stability. Service providers should only refer individuals to properties where individuals are interested in living and that meet their needs. Considering the property's location and accessibility to public transportation, community amenities and individuals' natural support systems is critical when helping individuals make housing decisions.

Service providers should make every effort to refer individuals only to properties for which they are eligible. Because service providers make a commitment to support Targeted Unit tenants whom they have referred, service providers can only refer individuals to Targeted Unit properties located in counties within their service area **not to exceed 20 property waitlists**.

Basic Property Eligibility Criteria

Service providers should refer individuals to properties for which they meet basic property eligibility criteria. Property eligibility criteria to consider are unit sizes available at the property, age restrictions, income limits and preference for specific populations.

Examples include:

- Properties with one-bedroom units will not meet the needs of households with three or more individuals.

- Properties restricted to individuals that are 55 and older or 62 and older, should not rent to individuals that don't meet the age restriction unless otherwise noted on the property listing.
- Affordable housing has income restrictions that may prevent some households from renting a unit (see appropriate program specific income requirement).
- Properties with a preference for individuals with a specific disability type and on-site service availability will show preference to households that require these services.

Key Rental Assistance Eligibility Criteria

Most Targeted Units have Key Rental Assistance. To be eligible for Targeted Units with Key Rental Assistance, individuals must meet all Key Rental Assistance eligibility criteria. ([See Key Rental Assistance Eligibility Criteria section.](#)) Service providers should not refer an individual to Targeted Units with Key Rental Assistance if they do not meet all eligibility criteria unless the service provider believes the individual may be eligible for a Key Rental Assistance Waiver. ([See description of available waivers.](#))

Rental Assistance Other Than Key

Service providers are encouraged to refer an individual with federal tenant-based rental assistance to Targeting Program units whether or not the unit has Key Rental Assistance. If the tenant has access to federal assistance, the federal assistance will subsidize the tenant's rent and Key Rental Assistance can assist the tenant with the security deposit payment.

The other common source of rental assistance for Targeted Units is PBRA from HUD or the USDA Rural Development program. Like Targeted Units with Key Rental Assistance, an eligible individual must be referred by an approved service provider, must be 18 years old or older who has a disability as defined [here](#) and must be an individual who needs supportive services to access and/or maintain community housing. Other eligibility criteria associated with PBRA is dictated by HUD or the USDA.

Completing the Referral Packet

When making a referral, a service provider must complete the referral packet which includes: *Targeting Program Coversheet*, *Targeting Program Household Information* sheet and the *Targeting Program Letter of Referral*. The *Targeting Program Household Information* sheet helps DHHS process referrals and is not forwarded to property management. DHHS uploads referral letters in V&R for property management, so they know who should apply to the unit. Property management companies also use the

Targeting Program Letter of Referral to establish Targeted Unit occupancy during NCHFA compliance reviews and to requisition NCHFA for Key Rental Assistance funds.

DHHS returns incomplete referral forms to the service provider point person for them to correct before placing individuals on waitlists.

Waitlist Placement and Notification of Available Units

DHHS places referred individuals on property-specific waitlists and confirms waitlist placement with service providers. Until a unit becomes available, there is no further action required on the part of the service provider or the individual. Service providers, however, should work with individuals to prepare for eventual housing application by doing the following:

- Helping individuals obtain necessary identification (e.g., photo ID, social security card, birth certificates).
- Engaging individuals in life skills development.
- Reviewing criminal history and beginning discussion of denial and reasonable accommodation requests.
- Determining if the individual has any outstanding debts to local utility companies as these must be paid prior to move in so utilities can be placed in the tenant's name.

When Targeted Units become available, property management notifies DHHS. DHHS reviews the waitlist to identify an individual for the unit and contacts the service provider to see if the individual still needs housing and can apply for housing at that time. If the individual is ready and able to apply for housing, DHHS sends the property management the *Letter of Referral*. If the individual is not ready to apply for housing, he or she will remain on the waitlist unless otherwise specified by the service provider.

Below are examples of when households may be referred to apply for available Targeted Units ahead of other waitlisted individuals:

- Households that request and are eligible for a safety transfer. [See here](#) for information about safety transfers for Targeting Program tenants.
- Households that are part of any settlement population between DHHS and the U.S. Department of Justice, households who are part of the Money Follows the Person Program and to the homeless population.

- Households that meet property specific and rent assistance specific criteria associated with the available unit (e.g., if the available Targeted Unit has Key Rental Assistance and is a three-bedroom unit, the first four-individual household on the waitlist will be referred to apply for the unit because smaller households are not eligible under Key Rental Assistance guidelines for three-bedroom units).
- Households with accessibility requirements. If a fully accessible unit becomes available, households requiring such units are referred over households that do not require such units.



Note:

Due to situations like the above and the unpredictability of unit turnover, applicant waitlist position provides little indication of how quickly the service provider will be notified of an available unit.

➤ *Change in Service Providers for Waitlisted Individuals*

If a relationship between a service provider and a waitlisted household comes to an end, the service provider should notify DHHS of the household's new service provider so the service provider may be contacted regarding the household's waitlist status. If the service provider is unaware of the individual's new service provider or there isn't one, the service provider should still notify DHHS of such. DHHS will make every attempt to identify the individual's new service provider. Individuals must be connected to an approved service provider when a unit becomes available to move forward in the Targeting Program.

Standard Property Management Screening Criteria

Targeting Program applicants must apply for housing directly with the property just like non-targeted applicants. Every property participating in the Targeting Program has a Tenant Selection Plan that outlines the screening criteria used during the housing application process. For all properties, regardless of Targeting Program participation, screening criteria must not be so restrictive that it creates a disparate impact on groups protected by the federal Fair Housing Act.

NCHFA and DHHS help reduce barriers often faced by individuals with disabilities. These protections are documented in *The Fair Housing and Tenant Selection Policy for Properties Monitored by the North Carolina Housing Finance Agency* (available on the NCHFA website).

Application fees cannot be charged to Targeting Program applicants (or their household members), or to applicants from the Transition to Community Living (TCL) program.

- Credit screening criteria must be waived for applicants – including additional household members – participating in programs or receiving assistance which provides the landlord the ability to recover any economic losses related to the tenancy.
- Negative landlord references due to unpaid rent or money owed must not be held against applicants – including additional household members – participating in programs or receiving assistance which provides the landlord the ability to recover any economic losses related to the tenancy.
- Management companies must follow the model policy on screening applicants with criminal records and cannot have an outright ban on anyone ever convicted of a felony.

Assisting Individuals During the Housing Application Process

Assisting individuals during the housing application process extends beyond making the Targeting Program referral and may play a central role in whether the referral results in tenancy for the individual. Service providers should assist the individuals in a number of ways before and during the application process depending on the individual's needs.

To help waitlisted individuals prepare for the application process when their name comes up for a vacancy, obtain/discuss the following items and issues that will be required to complete the lease application process.

- Discuss criminal history and plan for responses to denial based on criminal and/or credit issues, previous landlord history, unpaid utilities and tenancy history.
- Discuss credit history with utility companies and discuss how the applicant will pay utility deposits.
- Obtain identification for each family member (e.g., birth certificates, Social Security cards, DMV photo ID or driver's licenses).
- Obtain current verification of all household income (documentation obtained within the last 120 days).
- Obtain documentation of checking and savings accounts and/or prepaid debit card balances such as North Carolina EBT Card.
- Obtain documentation for any assets such as property.
- Verify if any household members are employed.

The individual has five days to initiate contact with property management from the date management receives the *Targeting Program Letter of Referral* from DHHS to start the housing application process. Unless the property is new and leasing units for the first time, there is a 30-day window to fill the Targeted Unit. Any delay on the part of the service provider and/or the individual may result in loss of the Targeted Unit for the individual or others on the waitlist. (There is a 90-day window following certificate of occupancy to fill Targeted Units at new properties.)

Property management reviews housing applications and notifies the individual and DHHS of the housing decision. If the individual is approved for housing, DHHS notifies the service provider so staff can assist the individual with lease signing, paying utility deposits and moving into the unit. If the individual is denied, DHHS notifies the service provider so staff can determine if the individual will request a reasonable accommodation. DHHS provides technical assistance to service providers to help individuals request reasonable accommodation. [See here](#) for information about reasonable accommodation and modification requests.

Key Rental Assistance Waivers

Key Rental Assistance waivers may be requested in limited cases. Service providers submit waiver applications to DHHS for review and approval. (Property management is *not* allowed to sponsor waiver requests.) Waiver application instructions and forms are in the *Key Rental Assistance Waiver Packet* available upon request from DHHS. If needed, DHHS can assist service providers in submitting waiver applications at the time the service provider makes the referral.

- **Disability Income Waiver**

This waiver is used for current Targeting Program tenants who have lost their disability income but who are appealing the Social Security Administration (SSA) decision and/or are still deemed to have a disability. If approved for the waiver, the individual may receive Key Rental Assistance in four-month increments, but for no longer than 12 months. Upon annual recertification of income by property management or notification of change in income status, service providers must assist individuals who may qualify for the Disability Income Waiver in providing documentation to DHHS.

Required Disability Waiver request documentation is as follows:

- a. Documentation from the SSA verifying that the individual has an active application with the SSA if applicable, or documentation from an attorney assisting with appeal.
- b. Written documentation that either the tenant, a family member, or agency will cover all utility expenses during this time frame if tenant has zero income.



Note:

DHHS will not provide waiver approval until required documentation is provided. If the individual's disability benefits are not re-instated by end of the waiver timeframe, the individual will no longer meet eligibility criteria for Key Rental Assistance.

- **Income Adjustment Waiver**

This waiver is used for households that suffer an undue burden paying the tenant rent share due to allowable out-of-pocket medical expenses. All Income Adjustment Waivers require a *Tenant Income Certification* from property management. Service providers can sponsor waiver requests during the housing application process or during tenancy. For tenants granted income adjustment waivers, service providers must sponsor waiver renewals at the time of annual income recertification if the household wishes to have income re-adjusted based on allowable out-of-pocket expenses for the upcoming 12 months.

Key Rental Assistance income deductions are modeled on HUD Multifamily Housing Program income deduction policy found in *HUD Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs* available at the following address:

https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg/4350.3

Expenses not reimbursed by any other source that may be deducted from annual gross household income for the purposes of Key Rental Assistance subsidy and tenant rent share calculation include:

- Medical expenses of all household members.
- Disability assistance and childcare expenses (for hours of employment only) that enable household members to be employed.
- Medicare/health/dental insurance premiums.
- Mileage to medical appointments, driving services with receipts (e.g., Uber, Lyft).

Required Income Adjustment Waiver request documentation is as follows:

- a. Key Rental Assistance Waiver Cover Sheet.
- b. Key Rental Assistance Income Calculation Work Sheet.
- c. Itemized Income Deductions Work Sheet.

- d. Tenant Income Certification.
- e. Documentation of medical need and expense – AND proof of payment for each itemized deduction. (All third-party documentation for eligible expenses must be dated and reflect anticipated expenses for the next 12 months.)

- **Older Person Waiver**

This waiver is used for households headed by individuals who are receiving Social Security retirement income, but previously received disability income benefits or who have become disabled since retirement as defined by Social Security. An Older Person Waiver can be requested at the time the individual is referred to the Targeting Program.

Required Older Person Waiver request documentation is as follows:

- a. Key Rental Assistance Waiver Cover Sheet.
- b. If the head of household had disability income that converted to Social Security Retirement Benefits upon retiring and he or she has documentation from the SSA about previous receipt of disability income benefits, provide this documentation – OR – include the Key Rental Assistance Verification of Disability.

- **NC Transitions Waiver**

This waiver is used for individuals with disability income benefits presently being paid to a licensed facility on the individual's behalf or for individuals whose only source of income is NC Community Living Assistance. If a facility is the payee, management will be directed to exclude all disability income for 90 days (three months and any prorated amount) following move in. It is presumed that the individual will receive their SSI/SSDI directly by the fourth month of tenancy. If the individual receives NC Community Living Assistance, a Key Income Eligibility waiver will be provided.

Required NC Transitions Waiver request documentation is as follows:

- a. A copy of the most current award letter indicating payee at the time of lease application approval.

OR

- b. Documentation of monthly NC Community Living Assistance amount.

- **Medical Unit Size Waiver**

This waiver is used for households that need a larger unit size than allowed under Key Rental Assistance eligibility requirements. Due to the disability-related needs of household members, households may need an extra bedroom and/or

bathroom. Service providers may sponsor a Medical Unit Size Waiver at the time of referral or during tenancy.

Property managers follow Low Income Housing Tax Credit Program rules to assess if a caregiver meets the definition of live-in aide. Medical verification may be necessary. If a caregiver meets the live-in aide definition, the household is eligible for a larger unit. [See Live-in Aide section.](#)

Required Medical Unit Size Waiver request documentation is as follows:

- a. Key Rental Assistance Waiver Cover Sheet.
- b. A written statement from a physician/service provider on letterhead with a description of the household's disability-related needs for a larger unit and/or third-party medical verification.

Reasonable Accommodation and Modification Requests

Service providers are uniquely situated to assist applicants in requesting reasonable accommodations upon denial and many individuals have gained access to Targeted Units through the reasonable accommodation process.

Once property management notifies the applicant and DHHS of a denial decision, prompt action on the part of the individual and service provider is necessary if the individual wishes to request a reasonable accommodation. Property management companies commonly give housing applicants 10 to 14 days from notification of the denial decision to appeal the decision/request a reasonable accommodation.

Neither the appeal process nor the procedural requirements and time frame property management undertake once a reasonable accommodation request is made are stipulated by Fair Housing law. Consequently, the best course of action when making requests is for applicants to submit well-written requests in a timely manner that provide good documentation of the connection between the denial issue and the disability and actions taken to address the issue.

For more information about reasonable accommodations and modifications read *Fair Housing for Tenants with Disabilities: Understanding Reasonable accommodations and Reasonable modifications* (2018 Updated Edition) (available on the NCHFA website).

DHHS encourages service providers to contact them for assistance with requesting reasonable accommodations related to denied housing applications and/or maintaining tenancy.

Hold Fees

From time to time an applicant may experience a barrier that prevents them from moving into an available unit after property management's application approval. The hold fee allows for a negotiation with the property management company to take the unit off the market past the 30-day time period to give an individual additional time to sign a lease. Service providers may ask DHHS to negotiate with a property manager to hold a unit for up to two months if the individual has agreed to lease the unit and the property management company has approved the rental application and has agreed to the terms of the hold payment agreement.

Properties are not eligible to receive hold fees during the initial 90-day hold period or subsequent 30-day hold period or during the time needed to complete an application process involving a request for reasonable accommodation when the application was initiated before the end of the 30-day period.

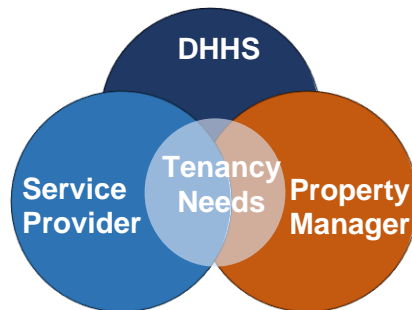
The hold fee cannot be used if the individual is able to sign the lease.

If the applicant is ultimately unable to move in and the hold fee is already in place, DHHS should attempt to fill the unit with another Targeting Program individual who meets the property's eligibility criteria prior to the expiration of the hold period. Applicants may move in anytime while the unit is being held. The Key Rental Assistance begins on the date of move in specified in the lease, but management may not charge the household the tenant rent share until the hold fee period has ended (which is typically the last day of the month).

Service Providers Supporting Targeting Program Tenants

In the months and years that follow initial lease signing, individuals may need support from their service providers to ensure that they successfully maintain housing in the community.

Service Providers, DHHS and Property Managers Working Together



DHHS is typically the first point of contact for property managers regarding all Targeted Unit tenants. When a property manager contacts DHHS regarding a tenancy issue, DHHS will contact the appropriate service provider to address the tenancy issue with appropriate intervention. Service providers, with consent from individuals, may engage in direct communication with property management but the property manager must also contact DHHS immediately.



Note:

The best way to preserve tenancy for Targeted Unit tenants is for service providers and property managers to communicate issues **early** to DHHS before they escalate

Safety Transfers

If a unit, property and/or community is deemed unsafe for a current tenant due to medical or safety issues (e.g., increased respiratory infections, victim of violence, natural disaster, etc.) the tenant can request a transfer to another unit or community and receive priority on another property waitlist.

Service providers must submit the following required documents for DHHS review and approval:

- a. Updated Property Cover Sheet.
- b. Updated Targeting Program Letter of Referral.
- c. Documentation from medical provider that clarifies the medical issue which requires a move to a new unit, property and/or community. This letter must be submitted on service provider letterhead that is signed by an appropriate medical professional (e.g., MD, PA, NP, LPC, LCSW).

OR

Documentation from a qualified professional that clarifies the safety issue which requires a move to a new unit, property and/or community. This letter must be submitted on service provider letterhead that is signed by an appropriate qualified professional (e.g., LPC, LCSW, police officer, domestic violence caseworker, FEMA worker).

- d. Copy of police report/restraining order (if applicable).

Change in Service Providers for Tenants

If a relationship between a service provider and a Targeted Unit tenant comes to an end, the service provider should notify DHHS. The provider should instruct the tenant to contact DHHS to sign a release of information for the individual's new provider so DHHS has a point of contact for the tenant should issues arise during their tenancy. If the new service provider is not a participating program agency, it can become a partner agency.

Key Rental Assistance Termination Appeal Process

If Key Rental Assistance is terminated for the reasons [listed here](#), the following process occurs:

1. DHHS mails a termination letter to the tenant via certified mail stating that Key Rental Assistance will terminate in 30 days from the date of the letter.
2. The individual has the right to appeal the termination by requesting a hearing on the termination by submitting the form included with the termination letter.
3. The Targeting Program manager either approves or denies the request for the appeal hearing.

4. If the appeal hearing occurs and the Targeting Program manager decides in the favor of the tenant, the Key Rental Assistance is reinstated immediately. DHHS will notify the property manager of the outcome and request NCHFA to resume payment.
5. If the Targeting Program manager denies the request for a hearing or denies the appeal, a letter is sent to the individual explaining their right to appeal to the Director of the Division of Aging and Adult Services.
6. If the Director denies the request for hearing or denies the appeal, in both cases a letter is sent to the individual explaining their right to appeal to the Office of Administrative Hearings.

Targeting Program Re-housing Policies and Procedures

From time to time a Targeting Program tenancy ends for the following reasons:

- Lease termination
- Evictions
- Mutual rescission (negotiation between property management, tenant and DHHS to terminate lease without penalty)
- Reasonable accommodation

If any of these events occur, individuals may re-apply to the Targeting Program if eligibility criteria are met ([see here](#)) and the following documentation must be submitted along with a referral packet at re-application:

- a. Documentation that the service provider has the capacity and commitment to assist the prospective applicant with individualized and flexible supports that are critical in helping him/her achieve housing stability and independence. This letter must be submitted on service provider letterhead that is signed by the point person or back-up person.
- b. Documentation that the prospective applicant has adequately addressed past behaviors that resulted in eviction, mutual rescission or lease termination. This letter must be submitted on service provider letterhead that is signed by the point person or back-up person.

Part Five:

DHHS Roles and Responsibilities

DHHS Targeting Program staff help property managers and service providers understand program policy, procedures and partnerships. DHHS helps partners work through any challenges that may arise in relationship to program operation. Property managers also work with DHHS staff who manage the Targeted Unit referral process and Targeted Unit waitlists for each property.

The DHHS housing coordinators functions include:

- Serving as the main point of contact for all issues related to Targeted Unit tenants and relaying appropriate information to service providers as necessary.
- Protecting confidentiality of Targeted Unit tenants' disability status and service needs.
- Providing technical assistance and guidance to participating service providers as they assist individuals they have referred to the Targeting Program.
- Reaching out to on-site managers to build a partnership and facilitate early identification and communication of Targeted Unit tenancy concerns.
- Coordinating early intervention efforts to help Targeted Unit tenants successfully maintain housing in the community.

DHHS maintains Targeted Unit tenancy lists for each property in the program. Information includes the tenant's name, date of move in and full contact information for his or her service provider's point person and back-up person. This information allows DHHS to follow up with individual's service provider so they can intervene and assist the tenant.

At a minimum, DHHS will contact a service provider to share the information they have learned from property management so the service provider can appropriately respond to the issue at hand directly with the tenant. On other occasions, DHHS works collaboratively with the service provider, property management or other community partners to figure out how to best address the challenge faced by the tenant.

DHHS Targeting Program Staff Best Practices

DHHS' commitment to the Targeting Program's success is ongoing through the implementation of the following:

- Protecting confidentiality of health information (diagnosis, treatment, etc.) in all communication with property management and service providers. While sharing some of this information may be necessary as part of requesting reasonable accommodations, shared information is limited to that which is relevant to the requested accommodation.
- Tracking of Targeted Unit tenant issues including communication with property management and service providers, nature of the issue, actions taken and outcomes.
- Sharing lessons learned from current or former Targeted Unit tenant situations with referral agencies.
- Identifying patterns indicative of larger systemic barriers for individuals with disabilities in maintaining housing and working with service providers to address systemic barriers.
- Providing of training opportunities for participating service providers regarding housing support activities, Fair Housing and building knowledge of the affordable housing system.
- Communicating proactively with property management for general inquiry regarding Targeted Unit tenants through phone calls, on-site visits and emails.
- Providing training opportunities for property management regarding Fair Housing, diversity training, sensitivity training related to challenges and barriers experienced by individuals with disabilities, etc.

Part Six: NCHFA Roles and Responsibilities

NCHFA's commitment to the Targeting Program's compliance is ongoing through the following:

- Monitoring (through file reviews and property inspections) all housing developments that have funding through NCHFA to ensure compliance with federal and state rules and regulations. (Sources of funds to finance rental housing include: state and federal Housing Credits, State Housing Trust Fund, Integrated Supportive Housing Funds and HUD's HOME program funds.)
- Administering Key Rental Assistance.
- Preparing the Key Rental Assistance: Owner Agreement to Participate and preparing the Targeting Unit Agreement for the owner and management company representative signature.
- Offering property management training sessions to ensure property managers and tenants are meeting the requirements necessary to continue to receive federal and state tax credits.
- Offering technical support to property managers.

Part Seven: Website Resource Pages

NCHFA provides program compliance, policies and procedures, income limits, training schedules and forms and resources under the Rental Owners and Managers section of the NCHFA website found at the following:

<https://www.nchfa.com/rental-housing-partners/rental-owners-managers>

DHHS is building a resource and training webpage in 2024. DHHS may provide documents named in this manual (that are not listed as “available on the NCHFA website”) upon request (if appropriate).

Part Eight: Appendices

Appendix A

Targeting Program and Key Rental Assistance Guiding Principles

Four guiding principles – housing affordability, disability neutrality, housing accessibility and the concept of permanent supportive housing – shape Targeting Program and Key Rental Assistance design, policies and procedures.

Housing Affordability

Over 232,386 North Carolinians, with disabilities so severe they cannot maintain full time employment, live on SSI. In 2017 SSI provided a maximum monthly benefit of \$735. There is no housing market in North Carolina where an individual living on SSI can afford to rent a modest two-bedroom apartment. For example, in order to afford a modest two-bedroom apartment at \$933 in Wake County, a household needs to earn \$39,720 / year. However, applicants of the Targeting Program average yearly income is \$9,000/year or \$750/month. This example clearly shows, without a subsidy these households cannot afford the average housing rental market. Even housing like Housing Credit developments with reduced rents are financially unobtainable for SSI recipients unless rent subsidies are available. Consequently, NCHFA and DHHS have worked to ensure the affordability of Targeted Units for individuals living on SSI through a variety of rent assistance opportunities.

For units that do not have another source of project-based rental assistance, Key Rental Assistance is available. Owners that do not utilize the Key Rental Assistance and are unable to secure an alternate form of rent assistance for Targeted Units, cannot charge Targeted Unit tenants more rent than what they would have paid had the development been participating in the Key Rental Assistance.

Disability Neutrality

The supports and services individuals with disabilities may need to live successfully in the community vary depending on the nature and extent of individuals' disabilities, but the need for affordable housing is common across disability populations. To promote access to affordable housing for all individuals with disabilities, Targeted Units are available to individuals regardless of disability type.

Public Transportation and Community Amenities

Many low-income individuals with disabilities do not have the financial means to own a car or the nature of their disability impedes their ability to drive. In either case, securing housing that is accessible to public transportation and/or essential community amenities is vital to the long-term sustainability of housing arrangements. Consequently, NCHFA has made a concerted effort in the Housing Credit and Preservation Loan Programs to take into consideration the proximity of housing developments to public transportation and other community amenities.

Fair Housing Law

Requesting and responding to requests for reasonable accommodations and modifications is commonly a poorly understood aspect of the protections afforded to individuals with disabilities under Fair Housing law. In response, DHHS and NCHFA have instituted a number of measures to increase understanding of Fair Housing law as it applies to individuals with disabilities. In 2005, NCHFA and DHHS completed a comprehensive revision and expansion of the state's decade-old guide, "*Fair Housing for Tenants with Disabilities: Understanding Reasonable Accommodations and Reasonable Modifications*," which has been widely distributed and used as a basis for training across the state. NCHFA incorporates fair housing training into their routine training for property management. DHHS also incorporates training on requesting reasonable accommodations and modification with its standard Targeting Program training for participating service providers.

Individuals with disabilities face significant housing barriers that are a result of their disabilities, but the ability to request reasonable accommodations during the housing application process and during tenancy is an essential tool to help diminish housing barriers.

The definition of "Individual with a Disability (or Handicap)" is an individual who:

1. Has a physical or mental impairment substantially limiting one or more major life activities, including caring for one's self, walking, seeing, hearing, speaking, breathing, working, performing manual tasks, and learning.
2. Has a history of a physical or mental impairment substantially limiting one or more major life activities.
3. Is regarded as having a physical or mental impairment substantially limiting one or more major life activities.

Permanent Supportive Housing

Permanent supportive housing has emerged as the preferred model of housing for individuals with disabilities. While a variety of programs and models are described as supportive housing, consensus has determined that permanent supportive housing allows individuals with disabilities to access and maintain decent, safe and affordable

community housing that is linked to a variety of individualized supports and services. Additionally, tenants live in housing as long as they fulfill their obligations outlined in standard lease terms; neither service compliance nor following treatment plans are conditions of tenancy.

The Targeting Program has followed these basic parameters of permanent supportive housing. Targeted Units provide individuals with disabilities decent, safe and affordable community housing that is permanent and independent and linked to individualized supports and services through the program's unique referral arrangement.

Individuals living in Targeted Units have all the rights and responsibilities of tenancy and tenancy cannot be contingent on service compliance. As with any tenant, compliance with standard lease terms dictates successful tenancy in the Targeting Program.

Appendix B

Housing 400 Initiative

In 2006 the North Carolina General Assembly created and funded the Housing 400 Initiative to finance independent and supportive apartments for individuals with disabilities, including those with mental illness, developmental disabilities and substance abuse disorders. NCHFA and DHHS are partners in this effort and have merged the Housing 400 Initiative and the Targeting Program and Key Rental Assistance. Housing 400 Initiative funding has been distributed through four programs:

- DHHS-NCHFA Low Income Housing Tax Credit Program partnership
- Housing 400 Initiative Supportive Housing Development Program (SHDP 400)
- Housing 400 Initiative Preservation Loan Program 400
- Key Only Funding.

Low-Income Housing Tax Credit (Housing Credit) Program

The Housing Credit Program – a federal affordable housing development program Administered by the IRS – funds the construction of new rental housing and the acquisition and rehabilitation of existing rental housing for households with low incomes. It is the largest affordable rental housing development program in the country. Historically, over 2,000 Housing Credit rental units are funded each year in North Carolina through NCHFA.

Within IRS guidelines, NCHFA sets specific allocation criteria for awarding credits in the Qualified Allocation Plan. The Qualified Allocation Plan is updated annually by NCHFA through a process that includes public comments.

Housing Credit owners are required to reserve units for low-income households at restricted rents for no less than 30 years. IRS regulations set minimum requirements for income targeting assuring that units are affordable to individuals at 50-60% of area median income. Within these federal rules, states set their own priorities and income targeting requirements. Without further incentives or rent assistance the Housing Credit Program is not designed to serve households with extremely low incomes.

North Carolina is the first state to require all Housing Credit developments to target 10% of units to individuals with disabilities guaranteeing that individuals with disabilities have access to no less than 10% of units at each development. The 10% set aside does not establish an upper limit for the number of individuals with disabilities who may live at developments. Individuals with disabilities who can afford to rent non-targeted Housing Credit units are encouraged to do so.

Supportive Housing Development Program (SHDP 400)

In response to legislative appropriations and feedback from advocates and developers, NCHFA created the Housing 400 Initiative Supportive Housing Development Program (SHDP 400). SHDP 400 is a variation of the NCHFA Supportive Housing Development Program. SHDP 400 awards capital funding to build small, stand alone, permanent and independent rental housing for individuals with disabilities. Key Rental Assistance funding is awarded to all SHDP 400 developments without other forms of rent assistance.

Preservation Loan Program 400

The Housing 400 Initiative Preservation Loan Program creates Targeted Units. In properties that request rehabilitation funds for older, federally subsidized apartments. Through participation in Preservation Loan Program 400, developers must set aside the greater of 5 units or 10% of the total number of units for individuals with disabilities. This arrangement essentially mirrors the Targeted Program threshold requirement in the Housing Credit Program. Key Rental Assistance funding is awarded to all Preservation Loan Program 400 developments without other forms of rental assistance.

Key Only Funding

Key Rental Assistance funding has also been offered as a standalone funding opportunity for developments previously funded by NCHFA under all NCHFA rental development programs to voluntarily create Targeted Units

Appendix C

*Document currently being updated

The Life of the Vacancy and Referral System

Things to know before you begin

- Property must be assigned in RCRS by company RCRS administrator to view
 - **Management** always works on the Vacancy Detail page **UNTIL** RHC provides a referral. From that point forward, all updates are entered on the Referral Detail page.
 - **Reginal Housing Coordinator (RHC)** always works on the Referral Detail page **UNTIL** management has updated the referral with the move-in date, etc. From that point forward, the RHC would then release the vacancy on the Vacancy Detail page. **RHC should **NEVER** release a vacancy when status is “Pending Move-In”. Move-in information must be entered **PRIOR** to release by RHC. If the household changes their mind, etc. management should “Withdraw Application” and RHC will proceed accordingly.
1. **Management** must enter a vacancy in RCRS to begin the process (All vacant units must be entered – even if property targeting requirement has been met)
 - a. Management completed the information requested in RCRS (bedroom size, smoking affordability, etc.
 - b. Management immediately has the option to request vacancy release if targeting requirement has been met. If targeting requirement has not been met, they will not have the drop-down option until 15 days after vacancy entered. RHC will review vacancy notification in the system within 5 business days of receipt.
 - c. NOTE: Regardless of when unit is available for occupancy, the thirty (30) day clock starts the day the vacancy is entered.
 - d. The vacant unit is assigned the status of “New” and can be edited until the RHC reviews the vacancy.
 2. **Regional Housing Coordinator (RHC)** – Awaiting Vacancy Review

- b. RHC acknowledges they have received the vacancy (Complete Vacancy Review or Release Vacancy) **RHC should monitor this worklist throughout the day
 - c. Once RHC completes vacancy review, status changes to “Open” and Management can no longer edit the vacancy. RHC should ask Management to resolve any obvious issues with the unit prior to completing this step.
 - d. RHC now has the option to Add Referral
 - a. RHC enters information about the referral, assigns priority, etc. Management unable to see name of referring NCHFA entered and is not told how priority level is determined.
 - b. Targeting Referral Letter is uploaded by RHC.
 - c. RHC has the option to enter multiple referrals for same vacancy.
 - d. RHC can withdraw referral at any time but this does not remove the requirement to hold unit for thirty (30) days.
 - e. RHC immediately has the option to Release Vacancy. Unit status of released unit is “Released”.
 - a. If Vacancy is released, RHC provides reason for release. If Vacancy released is denied, no reason is required.
 - b. No vacancy should be released until targeting requirement is met unless DHHS determines no viable referrals available
 - c. RHC is no longer able to release a unit that has been ‘reserved’ for a referral.
3. **Management** receives Vacancy Notification in V&R System (red flag and email notification)
- a. RHC anticipates referral will contact/visit/apply within five (5) days.
 - b. Management provides RHC an update on referral no later than five (5) days of referral receipt.
 - 1. If referral does not show up or contact property, Management Requests Follow Up from RHC via V&R System. This notifies RHC the referral has not made contact. RHC will reach out to service provider for an update. **Management does not receive a reminder to do this and must continue to check V&R to ensure

timely reporting to RHC. Property is required to continue to hold the unit for the original thirty (30) day period.

2. If referral submits application, management indicates via V&R System and provides date. If reasonable accommodation is provided at time of application, this is also noted in V&R.
3. Management has the option to Approve, Deny, or Withdraw Application in V&R once application has been submitted and is being processed.
 - a. Withdraw Application – Applicant/RHC has notified site they wish to withdraw application. Site enters this in V&R and RHC receives Awaiting Withdrawal Review and either “closes” or “revives” the application.
 - b. Deny Application – Management enters reason for denial and uploads a copy of the denial letter provided to applicant. **Management continues to hold unit if within original thirty (30) days from date of vacancy notification. If thirty (30) days has passed, management must provide minimum of eight (8) business days from date of denial letter for appeal, during which time the unit is held. Denial letter must be uploaded in RCRS on same day denial issued. RHC can notify management, via V&R System, of intent to appeal if applicable. RHC notification of intent to appeal is not sufficient notification for requesting a reasonable accommodation. If applicant requests a reasonable accommodation, management must update V&R System of reasonable accommodation request on the date received and must hold unit until decision is made on the reasonable accommodation request. Hold fees will not be paid during periods of appeal and/or request for reasonable accommodation.
 - c. **RHC** receives Awaiting Application Denial Review. RHC reaches out to service provider and determines if appeal/reasonable accommodation request will be requested. If so, RHC sends “appeal notice” to site via RCRS. RHC notification of intent to appeal is not sufficient notification for requesting a reasonable accommodation request. Applicant should make request directly to management. If applicant decides not to appeal, RHC closes the referral and it is removed from the list.

4. When **management** receives Notice of Appeal or Reasonable Accommodation Request RHC, they wait to hear from applicant or their representative for actual basis of appeal. RHC notification of intent to appeal is not sufficient notification for requesting a reasonable accommodation. Applicant should make request directly to management. Management will “Revive” application in V&R. Process outlined in TSP is followed and appeal/RA decision is noted in V&R.
5. **Management** will then “Approve” or “Deny” the application. If denied, applicant has no less than eight (8) business days to appeal. If the applicant appeals within the eight (8) day timeframe management must continue to hold the unit until management renders a decision for the appeal even if unit hold extends beyond the 30-day hold period. After the eight business (8) days, RHC must close out the referral.
6. If **management** “Approves” the application (under the actual referral and not the vacancy), V&R is updated with date approved. Once approved, RHC has no action to take – only sees as “Pending Vacancy Reservation”.
7. **Management** completes Vacancy Reservation. Once they have notified applicant of approval and they are still interested, they enter the expected move-in date and choose unit based on discussion with applicant. RHC still has no action to take. Once the unit is reserved, unit status changes to “Reserved”.
Note: RHC indicates which unit size the person is eligible for when sending the referral to the property. If the applicant wishes to rent a different unit size, they will not be eligible for subsidy unless RHC agrees to change the unit size the applicant can rent. The system will not allow you to reserve the wrong unit size.
8. Referral is at “Pending Move-In” step. **Management** will Confirm Move-In date or Undo the Vacancy Reservation.
 - a. Vacancy Reservation can be “Undone” if another unit needs to be chosen because they change their mind, etc.
 - b. Management still has the option to “Withdraw Application”.

9. Once applicant has signed the documents and moves in the unit, **management** will enter move-in date. Management cannot enter future date. When confirming the move-in, the system will bring up the units from RCRS instead of the vacancy reserved in V&R. Management can 'filter' to find the appropriate unit by entering data in the appropriate column, such as the unit number or building address.

Reminder: Completing the move-in in V&R does not complete the process in RCRS. Likewise, completing the move-in in RCRS, does not complete the process in V&R. If the person completing this step in V&R also has access to RCRS, they will be able to click on the Unit link to go to RCRS and enter the move-in there. If the person does not have access to RCRS, no link will be available.

Action status in V&R continues to be "Pending Move-In Review" until move-in date has been entered. However, the unit status changes to "Filled".

10. **RHC** has Awaiting Acknowledge Move-in worklist and will "acknowledge move-in". This changes the unit status to "Closed" and takes both referral and unit out of the active lists.