**North Carolina Housing Finance Agency**
**in partnership with the NC Dept. of Health & Human Services, Division of Aging**

# Targeting Program

## Policy and Procedure Manual

For the Low-Income Housing Tax Credit Program & Preservation Loan Program
Includes Appendix A: HUD Section 811 Project Rental Assistance (811 PRA)
Updated September 15, 2026

## About This Release

This manual has been updated and is being released as a soft release to provide the latest guidance as soon as it is available. Additional formatting, screenshots, graphics and other visual enhancements will be incorporated in future updates.

NORTH CAROLINA HOUSING FINANCE AGENCY

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

# Table of Contents

PART ONE

# Revision History, How to Use This Manual, Acronyms, Definitions

## Revision History

The Page column points to the section of the manual affected by each update.

| Date of Update | Update | Page |
|---|---|---|
| **9/14/26** | **Added New Section: How to Use this Manual** | 13 |
| **9/14/26** | **Reporting Targeted Units Through the Vacancy and Referral System:** added the words "per building" to the sentence, "Hold Targeted Units open for referrals from DHHS for a period of 90 days per building starting from the first Certificate of Occupancy." | 23 |
| **9/14/26** | **Risk Mitigation Claims:** changed name from Targeting Program Risk Mitigation claim packet to Special Claims Form. Added "is found in RCRS under the "Property Management" tab. | 42 |
| **9/14/26** | **Household Income Exceeds 50% AMI at Move in: added clarifying language:** If property management moves in the household with Key Rental Assistance in error, then management must allow the tenant to pay the subsidized rent rate as stated in the executed Key Lease Addendum. | 39 |
| **9/14/26** | **New Appendix A: Hud Section 811 Project Rental Assistance** added. | 62 |
| **9/14/26** | **Appendix B: The Life of the Vacancy and Referral System** updated. | 82 |
| **9/14/26** | **Tenant Out of the Targeted Unit for 90+ Days with No Plan for Return:** Added: However, any absence from the Targeted Unit that exceeds 90 consecutive days requires DHHS waiver approval. Without an approved waiver, an absence of more than 90 days is considered a program policy violation and may result in termination of Key Rental Assistance. Removed: However, the Targeting Program guidelines treat 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. | 41 |
| **9/14/26** | **Part Six — NCHFA roles:** New responsibility added: collecting data specific to Targeting Program outcomes for all populations served, using key measures such as move-ins, move-outs, denials, reasonable accommodations, hold fees, special claims and the Key Rental Assistance budget. An empty placeholder bullet was removed. | 60 |

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| 9/14/26 | **Part Five — best practices:** Training bullet changed to "Partnering with NCHFA to provide training opportunities for property management regarding Fair Housing"; "diversity training" and "sensitivity training" removed as named categories. | 59 |
| 9/14/26 | **New Appendix E: Targeting Program and the Transitions to Community Living (TCL)/Olmstead Act & Olmstead Settlement Agreement** | 59 |
| 9/14/26 | **Key Rental Assistance waivers:** Clarifying language**,** Service providers "complete and submit the Key Rental Assistance Waiver Packet". DHHS submits waivers at the time the Letter of Referral is uploaded for the property management record and provides guidance for documenting unit events in the V&R System. | 47 |
| 9/14/26 | **Assisting individuals during application:** Property management notifies the individual and DHHS of "the status of the application" rather than "the housing decision". Added: "All reasonable accommodation requests must be tied to the requesting individual's disability." | 51 |
| 9/14/26 | **Service Providers for Waitlisted Individuals:** Notification requirement made explicit: the provider notifies DHHS "that the relationship with their waitlisted household ended". | 50 |
| 9/14/26 | **Assessing Individuals:** Housing goal stated as maintaining housing "in integrated neighborhoods and communities of choice" and clarified that the Targeting Program team does not provide on-site or direct supportive services to program participants. | 89 |
| 9/14/26 | **Affordability Mechanisms** changed language from Targeted Units "must be affordable to individuals with income as low Supplemental Security Income (SSI)" to "must be affordable to individuals with low income."<br><br>**Key Rental Assistance Overview:** changed language from NCHFA and NCDHHS 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) to NCHFA and NCDHHS created Key Rental Assistance in 2004 to make Targeted Units affordable to individuals with disabilities who have low income. | 18<br>19 |
| 9/14/26 | **Service Provider Responsibilities:** Consequence of non-compliance changed from "will make the service provider not in good standing with NCDHHS" to "could negatively impact the approved service provider's ability to | 45 |

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| | successfully work with NCDHHS and Targeting Program referred eligible individuals, tenants, partner agencies and key stakeholders". | |
| 9/14/26 | **Opening:** Rewritten to state that supportive services are an essential component of the program and that eligible individuals enter through a referral made by the approved referral agency, which commits to ongoing supports during application and tenancy to promote housing stability | 44 |
| 9/14/26 | **Risk Mitigation Tools:** Added: tools are available "when the security deposit is not enough to cover outstanding charges".<br><br>**Reimbursement of Damages:** Added that items should be prorated based on life expectancy before deducting normal wear and tear, security deposit funds and repayment plan payments.<br><br>**Reimbursement for Abandonment:** Notification timing tightened from "in a timely manner" to "the moment they are made aware". | 42<br>42<br>43 |
| 9/14/26 | **Household No Longer has Federal Disability Income:** Added: property management must contact NCDHHS if a tenant is found to no longer have federal disability income during annual recertification. The former guidance to contact NCDHHS only if there was concern the tenant could not cover basic living costs, and otherwise take no action, was removed. | 38 |
| 9/14/26 | **Household income changed:** Clarified that income increases above 50% AMI do not affect Key Rental Assistance eligibility "as long as the tenant remains at their current property", with a cross-reference to *Transferring properties*.<br><br>Income adjustment waiver renewals added language for qualifying expenses — medical, childcare or disability-related expenses causing rent burden. The statement that new waivers are not necessary for eligibility purposes was removed; waivers at recertification are for rent share calculation only. | 37 |
| 9/14/26 | **Annual Tenant Income Recertification:** Purpose expanded: recertification determines assistance level "and continued eligibility for the program". | 37 |
| 9/14/26 | **NC Transitions Program Waiver:** Greatly expanded and restructured into two situations — delayed control of income where a facility is representative payee, and households with Community Living Assistance income — each with purpose, result and eligibility, plus timing and required documentation, and a note that a hold may be the right tool instead of a waiver. | 53 |
| 9/14/26 | **Key Rental Assistance Waivers:** Added purpose statement: waivers ensure individuals facing income, age, disability or household composition barriers | 35 |

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| | can still access and maintain Targeted Units, preventing homelessness and preserving housing stability. Created cross reference link to Key Rental Assistance Waivers in the Approved Service Provider Section.<br><br>Added: “Property management cannot submit Key Rental Assistance waivers to NCDHHS.” | |
| **9/14/26** | **Verifying Key Rental Assistance Eligibility Property Management:** added **i**f during the application process management determines that the household exceeds the 50% AMI, they must notify the applicant that they do not qualify for Key Rental Assistance. The applicant has the option to rent the unit at regular rental rate based upon the set aside per bedroom size (not the subsidy rate). | 34 |
| **9/14/26** | **Transferring properties:** Heading changed from “Relocating Properties Policy”. Transferring properties now triggers “a new referral packet for the Targeting Program” rather than “a new application for Key Rental Assistance”.<br><br>Added: tenants should reach out to housing referral agencies, who submit a new referral packet indicating the tenant wishes to move, creating a re-referral and placing the household on the Targeted Unit waiting list. | 32 |
| **9/14/26** | **Transfer 15-day policy:** Section deleted in full, including the rule that Key Rental Assistance will not be paid on two units for more than 15 days and the related termination notice procedure. | deleted |
| **9/14/26** | **Safety Transfer:** Added requirement that documentation supporting medical or safety concerns must be provided, for example a letter from the medical provider or local police department. (language already found in service provider section). | 56 |
| **9/14/26** | **Property Managers Supporting Tenants:** Examples added: annual recertification, timely maintenance and repairs, and mitigating tenancy issues through communication with NCDHHS. | 31 |
| **9/14/26** | **Designating Units as Targeting Units in RCRS:** New section: management must report the move-in in RCRS and upload required documents to initiate payments; designate the household as “NCDHHS Targeting” and select the Housing Assistance Type; report within 90 days during lease-up and within 30 days of the event afterwards.<br><br>New move-in document list replaces the former “first time Key Rental Assistance is requested” list. Now includes the Supplemental Demographic | 30 |

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| | Information Form, Student Certification, rental application with income and asset checklist, asset verification, income verification, Tenant Income Certification, lease and program lease addendums, and subsidy documentation for Key or tenant-based vouchers.<br><br>Recertification note replaced: annual recertifications are required for all Targeted Unit tenants at properties with Key Rental Assistance, listing the documents to upload. The former note about completing a new Key Rent and Subsidy Calculation Worksheet at each recertification was removed here; the calculation requirement still appears under *Household no longer qualifies due to increased income*. | |
| **9/14/26** | **Hold Fees:** Clarification rewrite-Hold fees extend the life of a vacancy until a lease can be signed, and apply only after the initial 90 days past the Certificate of Occupancy and after the 30-day V&R hold. The former paragraph describing NCDHHS authorization of hold fees for applicants needing more time was deleted from this section | 27 |
| **9/14/26** | **Processing applications for referred Individuals**: Screening exception scope widened from credit screening only to “credit and landlord screening criteria”, and moved into a new “Exceptions to standard screening” subsection.<br><br>Language added:<br><br>• credit screening criteria will be waived for applicants – including additional household members, if any – participating in programs or receiving assistance which provides the landlord with the ability to recover any economic losses related to the tenancy<br><br>• To the extent that the landlord reference is negative due to unpaid rent or money owed, the screening criteria must state that this will not be held against applicants – including additional household members, if any – participating in programs or receiving assistance which provides the landlord with the ability to recover any economic losses related to the impending tenancy<br><br>○ **Exception**: if the individual has any outstanding debts to local utility companies these must be paid prior to move in so utilities can be placed in the tenant’s name.<br><br>○ **Exception**: If the monies owed are to the same management company for which the applicant is currently applying, they can be denied. | 26 |

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| | Three V&R update points added: a referred individual has submitted an application; an approved individual has reserved a vacancy with an estimated move-in date; an approved individual has moved in, with lease signing date and unit confirmed. | |
| 9/14/26 | **Leasing Targeting Units During property lease-up**: Added NCHFA offers a pre-leasing call between NCHFA, NCDHHS, and property management to establish a referral start date and ensure alignment before leasing activities begin. This conversation provides an opportunity to get to know each partner's role and understand the expectations of the program, creating a shared foundation for successful implementation. Management is encouraged to have site staff participate so frontline teams can ask questions, clarify processes, and confirm that everyone is on the same page moving forward.<br><br>Added the purpose of the Owner Agreement to Participate: to ensure property management reviews, understands and agrees to follow program guidelines, policies and processes. | 24 |
| 9/14/26 | **Reporting Targeted Units**: Section retitled from "Leasing Targeted Units Through the Referral Process" to "Reporting Targeted Units through the Vacancy and Referral System". Added NCDHHS may release held vacancies earlier "if there are no matching referrals for the units available at the property". | 22 |
| 9/14/26 | **Key Rental Assistance Overview**: Targeted Unit tenants" changed to "Targeted Unit applicants", and applicants are now "expected" rather than "encouraged" to pursue Housing Choice Voucher (Section 8) assistance. | 19 |
| 9/14/26 | New subsection: **Reporting the Unit Information**: management identifies the estimated available date, must know bedroom count and smoking policy, reports the intended subsidy type, and identifies the unit number. | 23 |
| 1/12/2024 | Under Risk Mitigation:<br>• Cap on reimbursement for "Unpaid Property Damage Amount" is increased from $2,500 to $3,500.<br>• "Insurance Claim Amount" category deleted.<br>Reimbursement rate for damage claims will increase from 75% to 100% (2/2/24). | 6 |
| 6/28/2023 | • Addition of clarifying language to 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 |

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| **3/7/2023** | Addition of clarifying language to the Disability Income Waiver section. A 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 |
| **8/17/2022** | 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. In these situations, NCDHHS 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 NCDHHS-approved family member(s) is allowed; however, NCDHHS may approve the tenant to have more than one extra bedroom depending on unique circumstances. Further documentation may be required. | 21 |
| **8/17/2022** | 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 |
| **8/17/2022** | Provide feedback to Socialserve during monthly survey calls. | 13 |
| **8/17/2022** | Transitions to Community Living Initiative. | 51 |

BEFORE YOU BEGIN

# How to Use This Manual

This Targeting Program Policy and Procedure Manual has three different sections to serve three different audiences: Owners and Property Managers, Approved Service Providers, and Owners and Property Managers administering HUD Section 811 Project Rental Assistance (811 PRA). This page is a short, accessible guide to help every reader find what they need quickly.

## Find Your Section

Locate your role below for a direct path into the manual. Section titles are hyperlinked in the manual's own Table of Contents or in the navigation pane to the left.

| Owners & Property Managers | Approved Service Providers | Owners/Property Managers Using 811 PRA |
|---|---|---|
| Managing a property with Targeting Units? See Owner/Property Manager Roles and Responsibilities. | Referring or supporting a Targeting Program tenant? See Approved Service Providers Roles and Responsibilities. | Managing units subsidized with 811 PRA? See Owner/Property Manager Roles and Responsibilities (811 PRA). |

## How This Manual Is Organized

# Acronyms

| Acronym | Meaning |
|---|---|
| AMI | Area Median Income |
| NCDHHS | Department of Health and Human Services |
| DA | Division of Aging |
| 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 (NCDHHS)** is the department of state government that manages the delivery of health and human-related services for all North Carolinians. For this manual, all references to NCDHHS are referring to NCDHHS/Division of Aging.

**Fair Housing Laws** are federal and state regulations that protect individuals belonging to designated protected classes. Both the property owner and the property management company are required to comply with these laws when establishing policies, procedures and operating practices for the property. The specific Fair Housing requirements that apply may vary depending on the property's 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 expected 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 NCDHHS.

**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 and Section 811 PRA.

**Approved Service Provider** A NCDHHS-approved human service agency that supports individuals with disabilities in accessing and maintaining housing through the Targeting Program.

**Program Qualified Tenant** is a household headed by an individual with a disabling condition that meets the NCDHHS criteria for Targeting Program eligibility. Household income for Key Rental Assistance cannot exceed the maximum income established by the controlling housing program regulations.

**Property Owner** holds ultimate financial and legal responsibility for the property. Named alone for legal or financial matters, or in tandem with Property Management when either party could reasonably carry out the step.

**Property Management** is the entity responsible for operational oversight of the property. Used when the manual is describing an organizational or procedural obligation, not a specific person's task.

**Property Management Staff (On-Site or Regional)** are individual staff carrying out hands-on, on-site tasks tied to a specific tenant, unit, or applicant.

**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 NCDHHS.

**Targeting Program is** a partnership between NCHFA and NCDHHS 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. Projects with federal project-based rental assistance must target a minimum of five (5) units regardless of size.

**Tenant Selection Plan is** the plan, created by the property 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** additional units more than the Required Targeted Units set aside (10%). The total percentage of required Targeted Units and Voluntary Targeted Units cannot exceed 20% of the total of units available at each property. 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: Targeting Program, Affordability Mechanisms and Online Reporting Systems

The Targeting Program and Key Rental Assistance expand affordable housing opportunities for individuals with low-income and have 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 the design and operation of both the Targeting Program and Key Rental Assistance.

## Fair Housing

NCHFA and NCDHHS are proponents of Fair Housing and its protections. 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*.

## Targeting Program Overview

In 2002 NCHFA and NCDHHS 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 NCDHHS. Voluntary Targeted Units are Targeted Units more than 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 NCDHHS-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 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 property owner, property management 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.

### Determining the Number of Required Targeted Units

Determining the number of Targeted Units depends on 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 to 20% of the total units in the property (Voluntary Targeted Units).

There is a special five targeting unit 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 the U.S. Department of Housing and Urban Development or Rural Development, the number of Targeted Units is five, not four, as the five unit targeting minimum rule must be applied to project-based rental assistance). If a Housing Credit development has 63 units and project-based rental assistance, the 10% rule applies, requiring that seven units be targeted.

### Affordability Mechanisms

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 Key Rental Assistance will be used in addition to the other project-based rental assistance 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.

Targeted Units must be affordable to individuals with low income. 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 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) and Section 811 PRA.

### Voluntary Targeted Unit Withdrawal

Property owners may withdraw Voluntary Targeted Units from program participation provided the unit(s) are not occupied by a Targeting Program Qualified Tenant and the property owner serves NCHFA with 90 days written notice. When NCHFA acknowledges receipt of written notice, NCDHHS will stop 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 NCHFA 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 NCDHHS created Key Rental Assistance in 2004 to make Targeted Units affordable to individuals with disabilities who have low incomes. Key Rental Assistance was initially funded for a 10-year period with NCHFA HOME funds and NCDHHS Division of Mental Health, Developmental Disabilities and Substance Abuse Services' Mental Health Trust Fund. The NC General Assembly has funded recurring 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 property 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 NCDHHS. 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 NCDHHS designed Key Rental Assistance to be used as a bridge subsidy. Targeted Unit applicants must document their status on local Housing Choice Voucher (Section 8) waitlists and are expected to pursue access to Housing Choice Voucher (Section 8) Assistance. This program guideline maximizes the number of households benefiting from 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.

## Online Reporting Systems

The property management company of properties participating in the Targeting Program and NCDHHS must use the Rental Compliance Reporting System and Vacancy and Referral System, administered by NCHFA, for the purposes described below.

### Rental Compliance Reporting System (RCRS)

The RCRS System is used by property management companies to enter 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 subsidy payment, if applicable, within 30 days of the move-in date and monthly thereafter.

## Vacancy and Referral System (V&R System)

The V&R System is the online reporting system used by the Targeting Program to track Targeted Unit vacancies, referrals and leasing activity. Property management staff report unit availability and update the status of vacancies, while Targeting Program staff coordinate referrals and monitor the progress of each referral.

PART THREE

# Owner/Property Management Roles and Responsibilities

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

- Comply with all Targeting Unit Agreement requirements.
- Make the TUA available to staff and provide ongoing training on Targeting Program policies and procedures.
- Provide required financial documentation in RCRS to become a vendor.
- Attend annual NCHFA Targeting Program & Key Rental Assistance training, RCRS training and NCDHHS V&R training.
- Utilize the V&R System to report units and process referrals.
- Utilize RCRS to document tenancy.
- Communicate with NCDHHS regarding any tenancy issues or concerns.
- Request payments in RCRS.

## Targeting Program & Key Rental Assistance Trainings

Training opportunities are available to property management staff throughout the year.

Property management staff must train all new on-site property managers on Targeting Program and Key Rental Assistance requirements. Regional property management staff may contact NCDHHS for training assistance.

- NCHFA will coordinate training with NCDHHS for property management as each property approaches the initial lease-up period.
- NCDHHS will train property management on their roles and responsibilities and on program policies and procedures.
- NCHFA and NCDHHS conduct regular property management training throughout the year that includes training on the Targeting Program, Key Rental Assistance RCRS, Section 811 PRA and the V&R System.

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

## Property Set Up: Required Documentation

At the time of initial lease up for new properties or if the property owner or management company changes, the property 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 property 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 before first Key Rental Assistance payment

## 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 NCDHHS.

## Reporting Targeted Units Through the Vacancy and Referral System

NCDHHS 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 initial lease up.

1. The property management company enters information for every vacancy at the property.
2. NCDHHS matches individuals’ needs and preferences to characteristics of the available unit and refers individuals to initiate and facilitate the unit selection and leasing process.
3. NCDHHS enters basic individual and household information to make the property management company aware of the individual/households’ needs and preferences.
4. The property management company enters updates to make NCDHHS aware of the applicant’s contact with them until the applicant has completed an application for housing or that NCDHHS should refer another applicant for the available unit.
5. The property management company enters updates to make NCDHHS aware of the housing application decision. If the application is denied, NCDHHS enters an update to indicate if the applicant intends to appeal the decision or request reasonable accommodation.
6. 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.
7. Once a vacant unit is entered by the property management company, should there be no viable referral, NCDHHS will release the unit.

8. NCHFA and NCDHHS 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 B for The Life of the Vacancy and Referral System document for instructions.

Property management will do the following:

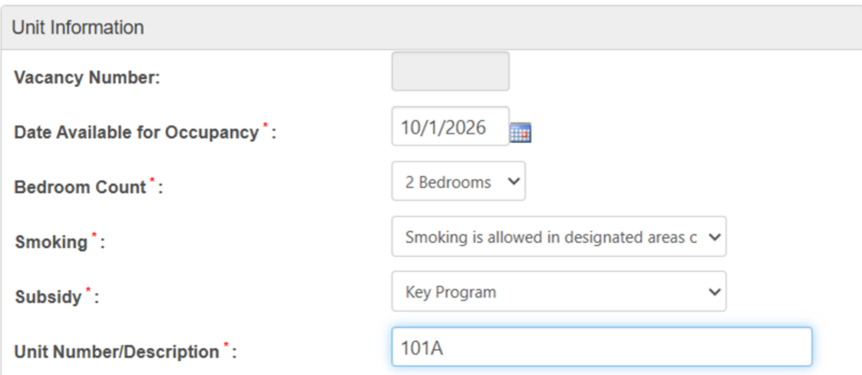
1. Hold Targeted Units open for referrals from NCDHHS for a period of 90 days per building starting from the first Certificate of Occupancy.
2. After initial lease-up, hold vacancies open for referrals from NCDHHS for a period of 30 days starting from the date property management enters the vacancy in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

> **NOTE**
> NCDHHS has the option to release held vacancies earlier if there are no matching referrals for the units available at the property.

## Reporting the Unit Information in the V&R System

Management should identify the estimated date the unit will become available. Management must know:

- When is the date available for occupancy?
- What is the bedroom count?
- What is the property smoking policy?
- Which subsidy type is intended for the referral to use?
- What is the unit number and description?


Unit Information

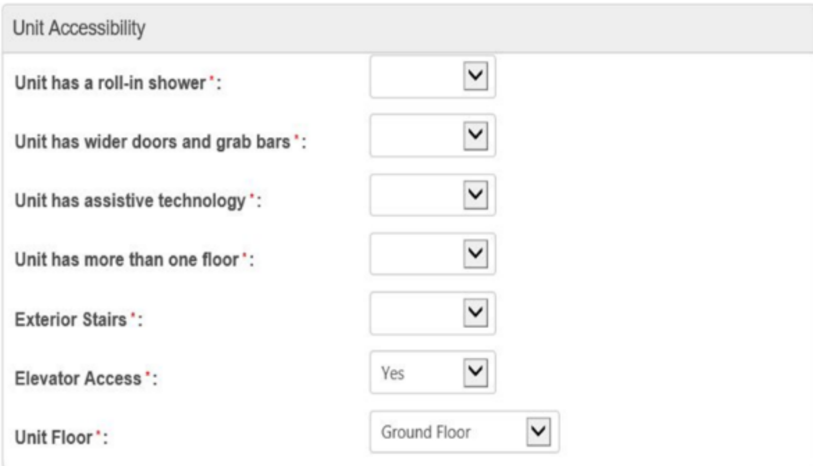
| | |
|---|---|
| Vacancy Number: | |
| Date Available for Occupancy *: | 10/1/2026 |
| Bedroom Count *: | 2 Bedrooms |
| Smoking *: | Smoking is allowed in designated areas c |
| Subsidy *: | Key Program |
| Unit Number/Description *: | 101A |

## 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.

Property owners/property managers must 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?




**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.

## Leasing Targeting Units During Property Lease Up

Property management is responsible for contacting NCDHHS when they are ready to start pre-leasing. The referral process must begin in near initiation of pre-leasing or at least 45 days before the Certificate of Occupancy. This process 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.

NCHFA offers a pre-leasing call between NCHFA, NCDHHS and property management to establish a referral start date and ensure alignment before leasing activities begin. This conversation provides an opportunity to get to know each partner's role and understand the expectations of the program, creating a shared foundation for successful implementation. Management is encouraged to have site staff participate so frontline teams can ask questions, clarify processes and confirm that everyone is on the same page moving forward.

Property management must communicate to NCDHHS the status of referred individuals' application by entering updates in the V&R System. NCDHHS 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.

### Integration of Targeted Units

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 NCDHHS 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 NCDHHS of all vacancies on 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 NCDHHS for a period of 30 days starting from the date when property management enters the vacancy in the V&R System. See Appendix B The Life of the Vacancy and Referral System document for policies and procedures for entering vacancies into the V&R System.

## The Referral Process

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

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

1. NCDHHS gives approved service providers information about apartment developments with Targeted Units through the local property listings for the program. These listings contain information that approved service providers can share 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. Approved service providers discuss properties with the referred individual then complete the referral packet and submit it to NCDHHS. Unless units are immediately available for application, NCDHHS places referred individuals on property-specific waitlists and confirms waitlist placement with the approved service providers. NCDHHS has discretion to establish priority populations and advances individuals on waitlists accordingly.
3. During the waiting period, the approved 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. As units become available, property management notifies NCDHHS directly through the V&R System. NCDHHS reviews the waitlist to identify individuals eligible for the specific unit and contacts the approved 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, NCDHHS notifies the property by uploading the *Targeting Program Letter of Referral* to the V&R System with the name for the individual applying for housing. See Appendix B The Life of the Vacancy and Referral System document for instructions.

## Processing Applications for Referred Individuals

Referred households must be Housing Credit Program eligible (income, student status) and project eligible (elderly, non-elderly, household size, 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*.

Property managers process referred individuals' housing applications using the same criteria applied to all other housing applicants except for credit and landlord screening criteria as noted below:

- credit screening criteria will be waived for applicants – including additional household members, if any – participating in programs or receiving assistance which provides the landlord with the ability to recover any economic losses related to the tenancy
- To the extent that the landlord reference is negative due to unpaid rent or money owed, the screening criteria must state that this will not be held against applicants – including additional household members, if any – participating in programs or receiving assistance which provides the landlord with the ability to recover any economic losses related to the impending tenancy
    - **Exception**: if the individual has any outstanding debts to local utility companies these must be paid prior to move in so utilities can be placed in the tenant's name.
    - **Exception**: If the monies owed are to the same management company for which the applicant is currently applying, they can be denied.

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 *Targeting Program Letter of Referral*.
- A referred individual has submitted an application.
- A referred individual has been approved for or denied housing. (Property managers must upload the denial letter.)
- An approved referred individual has reserved vacancy (set up an estimated move in date for the unit to which they were referred).
- An approved referred individual has moved in confirm the date the lease was signed and the unit into which they moved).

**NOTE**
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 must not charge application fees to Targeting Program applicants or their household members. Application fees are waived for Targeting Program participants.

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

## Hold Fees

Hold fees are funds payable to property management to extend the life of a vacancy until a lease can be signed by an applicant. Hold fees are only applicable past the initial 90 days past CO and past the 30-day period that all vacancies are held for NCDHHS in V&R. Properties will only be paid a hold fee if management has approved the applicant for move in.

## Security Deposits

Security deposits are paid on behalf of all tenants regardless of subsidy type. 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. Security deposits paid by the Targeting Program goes to tenants after moving out and settlement of the security deposit disposition. Targeting Program tenants are only eligible to receive one security deposit payment per 12-month period. For more detailed information on security deposit amounts and payments, see the Security Deposit Payment Section.

## Live-in Aides

An individual referred to a Targeted Unit may require a live-in aide. NCDHHS 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, according to Key Rental Assistance policy guidelines. In these situations, NCDHHS review and approval must be obtained before the addition of the live-in aide to the household. One additional bedroom for the live-in aide and the NCDHHS-approved family member(s) is allowed; however, NCDHHS 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 same screening criteria are used for live-in aides at initial occupancy and when live-in aides are added to the household after initial occupancy. Live-in aides should not be screened for their 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 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 NCDHHS 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 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. NCDHHS 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. NCDHHS 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.

For more information about reasonable accommodations and modifications read *Fair Housing for Tenants with Disabilities: Understanding Reasonable Accommodations and Reasonable Modifications*.

## Designating Units as Targeting Units in RCRS

After a referral applicant moves in, management must report the move-in event in RCRS and upload all required tenant file documents to initiate payments.

Property management must designate the household as "NCDHHS Targeting" and select the "Housing Assistance Type" the tenant is using. During lease up management has up to 90 days to report unit activity and after initial lease up occurs all reporting must be completed within 30 days of the event.

At move-in the following documents must be uploaded into RCRS:

- *Targeting Program Letter of Referral* provided by NCDHHS
- *Supplemental Demographic Information Form* at move in
- *Student Certification* (if required by Program Type)
- Rental Application with income and asset checklist.
- *Asset Verification or Certification*
- Income Verification and related certifications
- *Tenant Income Certification*
- Rental Lease
- *Tax Credit, HOME, NHTF Lease Addendums* (if required by Program type)
- Subsidy related documentation such as:
    - Key Rental Assistance:
        - Key Lease Addendum
        - Key Rent and Subsidy Calculation Worksheet
        - Key Waiver Approval Letters, if applicable.
    - Tenant based vouchers:
        - TCLV Tenant voucher
        - Section 8 Tenant Voucher

**NOTE**

For properties with Key Rental Assistance, annual recertifications are required for all Targeted Unit tenants. Applicable annual recertification documents must be uploaded for all Targeted tenants including Recertification questionnaire, income and asset checklists, *Student Certification*, income and asset verifications, tenant income certification and updated subsidy documentation as noted above.

# 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 (e.g., annual recertification, timely maintenance/repairs and mitigating tenancy issues via communications with NCDHHS.)

## Communicating Tenancy Issues

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

**NOTE**

The best way to preserve tenancy for Targeted Unit tenants is for approved service providers and property managers to communicate issues early to NCDHHS 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 approved service provider must submit a new Targeting Program referral packet to NCDHHS 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, NCDHHS 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 NCDHHS. Documentation to support medical and/or safety concerns must be provided (e.g., letter from the medical provider and/or local police department.  See here for more information on how service providers can request safety transfers for Targeting Program tenants.

### Relocating Properties Policy

Transferring properties triggers a new referral packet for the Targeting Program. 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).

Tenants should reach out to Housing Referral Agencies, who can submit a new Referral Packet on behalf of the tenant, indicating that the tenant would like to move from their current Targeted Unit. This will create a re-referral and put the household on the Targeted Unit waiting list.

# 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. 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 property owner, property management companies often facilitate completion of the OAP. The OAP is prepared by NCHFA upon request from the property owner or property management 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 NCDHHS. Key Rental Assistance payment standards are documented in RCRS and represent the total amount of rent property owners may collect for Targeted Units. A common misconception is that the property owner collects the full Key Payment Standard from NCHFA in addition to the tenant rent share.

Table A 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 property 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 monthly 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.

**NOTE**
Property management should notify NCDHHS, in conjunction with the tenant, if the tenant is late paying rent or misses a rent payment so NCDHHS can notify the tenant's approved service provider for tenant assistance.

### 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 (Property 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.*

## 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 Rental Assistance Eligibility Criteria

1. To be eligible for Key Rental Assistance, tenants must meet all criteria below:
2. Households must be referred to the Targeting Program by approved service providers.
3. 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.
4. Total gross household income cannot exceed 50% AMI of the North Carolina State-mandated Income Limits.

5. Household income is a minimum of $300 per month.
6. 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.
7. The adult applicant must be a legal permanent resident.

## Verifying Key Rental Assistance Eligibility

### NCDHHS

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

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

### 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 NCDHHS 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. If during the application process management determines that the household exceeds the 50% AMI, they must notify the applicant that they do not qualify for Key Rental Assistance. The applicant has the option to rent the unit at regular rental rate based upon the set asides per bedroom size (not the subsidy rate).
4. Household meets the required bedroom size standard (noted on the *Targeting Program Letter of Referral*).

**NOTE**

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

### 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 Low-Income Housing Tax Credit Program and Key Rental Assistance. (NCHFA depends on NCDHHS's verification of source of disability income for

the head of household and residency status as does property management; NCHFA staff verify all other components of Key Rental Assistance eligibility not verified by NCDHHS. Lastly, property management verify all components that are verified by NCHFA, 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. To expand access to these units, NCDHHS may provide Key Rental Assistance waivers for individuals that do not meet certain eligibility criteria: Key Rental Assistance waivers ensure that individuals who face income, age, disability, or household composition barriers can still access and maintain Targeted Units. By addressing specific eligibility gaps, the waivers prevent homelessness, preserve housing stability and make rents affordable for households with disabilities.

> **NOTE**
> Property Management cannot submit Key Rental Assistance Waivers to NCDHHS.

## 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, NCDHHS 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 NCDHHS 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 makes 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. As of 1/1/2018 failure to upload all files to RCRS within 30 days of move in will result in non-compliance.

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 non-compliance and may adversely affect the Property owner and management company's 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 NCDHHS 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 lessor 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 property owner. The property owner is responsible for transferring deposits into the appropriate trust accounts to comply with North Carolina Real Estate Trust Account law.

## 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 2026 for 14 months of Key Rental Assistance payment [November 2025 through December 2025], the management company will not receive payment for November or December 2024 because these months are outside of the 12-month payment window for submittal and approval). Property managers should contact NCHFA and NCDHHS 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 are 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.

## Annual Tenant Income Re-Certification

Property managers must recertify ALL Targeted-Unit households annually to determine assistance level and continued eligibility for the program. 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 if the tenant remains at their current property see Relocating Properties Policy. The tenant rent share simply increases proportionately to the increase in income. Households qualify for Key Rental Assistance if they qualify for one dollar or more of assistance.

If NCDHHS previously granted a household a Key Rental Assistance Waiver involving income adjustments due to expenses (e.g., medical, childcare, or disability related expenses) that causes rent burden and the household wishes to have their income adjusted for the upcoming year, the approved service provider must sponsor a new waiver request based on current eligible expenses. During re-certification, new waivers 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 lessor 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 if the household experiences 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**

  NCDHHS verifies that adult heads of household have federal disability income based on their own disability at time of referral/move in. Property management and NCHFA review and verify that this eligibility criterion for Key Rental Assistance is met at move in or during annual income recertification. Property management must contact NCDHHS if a tenant is found to no longer have federal disability income during annual recertification. If management notices that the tenant no longer has federal disability income during annual income recertification

## 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 in alignment 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).

## Termination of Key Rental Assistance

NCDHHS 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 NCDHHS 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 file documentation at the initial move in or re-certification, NCHFA notifies property management and NCDHHS. (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 moves in the household with Key Rental Assistance in error, then management must allow the tenant to pay the subsidized rent rate as stated in the executed Key Lease Addendum.

- **Household Does Not Meet Minimum Occupancy Standards**

NCDHHS 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 NCDHHS' 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 NCDHHS 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 property 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 NCDHHS, 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)**

  NCDHHS 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 Before Lease Expiration (Multiple Person Household)

NCDHHS 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 NCDHHS 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. NCDHHS 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, any absence from the Targeted Unit that exceeds 90 consecutive days requires DHHS waiver approval. Without an approved waiver, an absence of more than 90 days is considered a program policy violation and may result in termination of Key Rental Assistance. The Targeting Program guidelines treat absence of the program participant from their Targeted Unit for a period exceeding 90 consecutive days, without a waiver, 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 NCDHHS decides to terminate a tenant's Key Rental Assistance, NCDHHS will send termination notification to the tenant. Key Rental Assistance will cease 30 days from the date termination notification is sent. The Targeting Program participant in this scenario may continue to lease the unit after the termination of Key Rental Assistance. However, the participant will be responsible for the full rent and compliance 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 NCDHHS 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 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).
- Steps in V&R are not completed.

# Targeting Program Risk Mitigation Tools

The risk mitigation tools outlined below are available to property owners who rent Targeted Units to tenants who participate in the Targeting Program, when the security deposit is not enough to cover outstanding charges. *Property 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 Targeted Unit, the property manager may file a Special Claim to be reimbursed for the following:

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

The property manager must submit any of the four claim types on a single Special Claims Worksheet found in RCRS under the "Property Management" tab. This form is found in RCRS under the property management tab. 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 (items should be prorated based on life expectancy, 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 NCDHHS of any damages caused by Targeting Program tenants upon discovery. Documentation of notification is required (e.g., copy of email to NCDHHS program staff).

  *Program guidelines encourage the 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 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 notify NCDHHS in a timely manner of late tenant rent payment. Documentation of notification is required (e.g., copy of email to NCDHHS 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 notify NCDHHS of abandonment the moment they are made aware. Documentation of notification is required (e.g., copy of email to NCDHHS program staff).

- **Reimbursement for Eviction Costs**

  If a tenant repeatedly violates property rules or lease terms, the property manager must provide three opportunities for correction before initiating eviction proceedings to qualify for reimbursement of eviction-related costs. The risk mitigation claim cannot exceed $1000 and will only be paid if the owner prevails in the eviction action. The property manager must timely notify NCDHHS of all infractions and/or lease violations. Documentation of notification is required (e.g., copy of email to NCDHHS program staff).

PART FOUR

# Approved 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. Supportive services are an essential component of the Targeting Program. Eligible individuals get into the program through a referral made by the approved service provider committed to providing ongoing access to supports and services to the referred during the application process and tenancy to promote housing stability.

Approved service providers are responsible for the following:

- Identifying a point person and back-up person to be the communication link between the approved service provider and NCDHHS. Notify NCDHHS of changes in assigned supportive service coordinators and contact information. (Targeting Program referrals from the approved service providers can only come through the point person and back-up person.)
- Ensuring the point person and back-up person receive training from NCDHHS on the Targeting Program and the referral process prior to referring individuals to the Targeting Program.
- Ensuring the point person and back-up person perform the duties listed in the Point Person and Back-up Person Responsibilities section here.
- Assisting individuals in the application process, including requesting and negotiating reasonable accommodations and modifications, if applicable.
- Establishing 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.
- Assisting individuals with budget planning to assure monthly rent and utility payments are paid on time.
- Establishing a housing crisis plan with each Targeting Program tenant that includes how to process housing crises and personal crises such as assuring the individual has emergency contact information including phone numbers for both personal and housing crises.
- Providing ongoing housing-related skills training if needed and identify any issues that may require additional training by other agencies.
- Assisting the individual in participating in the approved 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 support the individual will receive to meet their housing goals.
- Assisting the individual by mediating problems before an eviction occurs.
- Maintaining a good working relationship through consistent communication with NCDHHS and, if necessary, obtain a release of information to communicate with property managers.
- Participating in 100% of the scheduled NCDHHS Targeting Program meetings and/or trainings in any given year that approved service provider is invited to (at least one representative).
- Establishing a transition plan for the individual to receive services from an equivalent NCDHHS-approved approved service provider if the approved service provider can no longer provide ongoing supportive services.

Failure to comply with these requirements could negatively impact the approved service provider's ability to successfully work with NCDHHS and Targeting Program referred eligible individuals, tenants, partner agencies and key stakeholders.

## Becoming a Targeting Program Approved Service Provider

Approved service providers are eligible to become approved Targeting Program 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 with 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 approved service provider's service capacity.

To become an approved service provider, service providers must:

- Meet approved service provider eligibility described in the *Referral Agency Agreement to Participate.*
- Complete and return the *Referral Agency Agreement* to Participate to NCDHHS.
- Require the point person and the back-up person identified on the *Referral Agency Agreement to Participate* to attend a NCDHHS Targeting Program training.

These conditions to become an approved service provider are in place to help ensure provider agency designated Point Person and Backup have a strong understanding of the Targeting Program and of the commitment that comes with program participation. The program is designed to serve extremely low and very low-income individuals with disabilities who need services to help them access and/or maintain housing in the community.

### 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 NCDHHS and the human service agency to exchange information about their tenancy.
2. The human service agency provides a letter to NCDHHS 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 an approved service provider.
4. The human service agency signs the Approved service provider Agreement to Participate within 90 days of requesting assistance to the tenant and become an approved service provider.

## Agreements to Participate

A *Referral Agency Agreement to Participate* or *Partner Agency Agreement to Participate* must be signed by an authorized approved service provider/approved service provider representative (e.g., Executive Director, Program Director) so that understanding of their agency's program involvement exists at the management level. The authorized approved service provider 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.

> **NOTE**
> Approved 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 approved 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 point of contact the approved between the approved service provider and NCDHHS.

While approved service provider staff may identify individuals to refer to the Targeting Program and complete referral paperwork, all referrals from the approved service provider to NCDHHS 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:

- Training approved 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.
- Reviewing all referral forms for appropriateness and accuracy and acquire an authorized representative's signature before forms are submitted to NCDHHS.
- Tracking and keeping 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 NCDHHS.
- Assisting NCDHHS with referral-related issues in a timely manner.
- Assisting NCDHHS with Targeted Unit tenancy issues in a timely manner.
- Notifying NCDHHS 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).
- Communicating with the NCDHHS about ALL issues with Targeted Unit tenants.

Approved service providers must notify NCDHHS when the point person or the back-up person changes. The new point person and/or back-up person new to the role must complete the Targeting Program training provided by NCDHHS within a timely manner for the approved service provider to remain on the approved service provider list and submit referrals.

# Targeting Program Referral Process

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

## 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 housing in integrated neighborhoods/communities of choice. It is important the approved service provider understands that the Targeting Program team does not provide on-site and/or direct supportive services to program participants and that the Targeting Program may not be appropriate for some individuals. 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 approved 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 an adult 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

NCDHHS provides approved service providers with information about participating properties with Targeted Units through local property listings. These listings give approved 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. NCDHHS updates listings as needed and sends listings to approved service providers via email distribution lists.

Housing choice is an important part of an individual's housing stability. Approved service providers should only refer individuals to properties where individuals are interested in living and that meet their needs. Consideration of the property's location and accessibility to public transportation, community amenities and individuals' natural support systems are critical when helping individuals make housing decisions.

Approved service providers should make every effort to refer individuals only to properties for

which they are eligible. Because approved service providers make a commitment to support Targeted Unit tenants whom they have referred. Approved 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

Approved service providers should refer individuals to properties that will meet individuals needs and property eligibility criteria. Property eligibility criteria to consider are unit sizes available on 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

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.) Approved service providers should not refer an individual to Targeted Units with Key Rental Assistance if they do not meet all eligibility criteria unless the approved service provider believes the individual may be eligible for a Key Rental Assistance Waiver. (See Key Rental Assistance Waivers.)

## Affordability Mechanisms Other Than Key Rental Assistance

Approved service providers are encouraged to refer individuals with federal tenant-based rental assistance to Targeting Program units even if the unit has Key Rental Assistance. If the tenant has access to federal assistance, the federal assistance will subsidize the tenant's rent. Key Rental Assistance can be used to assist the tenant with the security deposit payment.

Other sources of rental assistance for Targeted Units are Project Based Rental Assistance (PBRA), HUD 811 Project Rental Assistance (HUD 811 PRA) and the USDA Rural Development program which are federally funded rental assistance. Regardless of rental assistance type, individuals seeking a Targeted Unit must be eligible and referred by an approved service provider, 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 are dictated by HUD or the USDA.

## Completing the Referral Packet

When making a referral, an approved service provider must complete the referral packet that contains the following documents: Targeting Program Coversheet, Targeting Program Household Information sheet and the Targeting Program Letter of Referral. The Targeting Program Household Information sheet helps NCDHHS process referrals and is not forwarded to property management. NCDHHS 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.

Incomplete referral forms are returned from NCDHHS to the approved service provider point person for them to correct before placing individuals on waitlists.

## Waitlist Placement and Notification of Available Units

NCDHHS places referred individuals on property-specific waitlists and confirms waitlist placement with approved service providers. There is no further action required on the part of the approved service provider or the individual until a unit becomes available. However, approved service providers should work with individuals to prepare for the anticipated 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 moving in so utilities can be placed in the tenant's name.

When Targeted Units become available, property management notifies NCDHHS. NCDHHS reviews the waitlist to identify an individual for the unit and contacts the approved 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, NCDHHS 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 approved 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 safety transfer. See Safety Transfers for information about safety transfers for Targeting Program tenants.
- Households that are part of any settlement population between NCDHHS 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 approved service provider will be notified of an available unit.

### Change in Approved service providers for Waitlisted Individuals

If a relationship between an approved service provider and a waitlisted household comes to an end, the approved service provider should notify NCDHHS of the household's new approved service provider so the approved service provider may be contacted regarding the household's waitlist status. If the approved service provider is unaware of the individual's new approved service provider or there isn't one, the approved service provider should still notify NCDHHS that the relationship with their waitlisted household ended. NCDHHS will make every attempt to identify the individual's new approved 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

Every property participating in the Targeting Program has a Tenant Selection Plan that outlines the screening criteria used during the housing application process.  Properties screening criteria must not be so restrictive that it creates a disparate impact on groups protected by the federal Fair Housing Act whether the property participates in the Targeting Program or not.

These protections are documented in the *Fair Housing and Tenant Selection Policy for Properties Monitored by the North Carolina Housing Finance Agency*. Below are the ways NCHFA and NCDHHS partner to reduce barriers faced by individuals with disabilities:

- 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

- 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.

There is a 90-day window following certificate of occupancy to fill Targeted Units at new properties. The referred individual has five days to initiate contact with property management from the date management receives the Targeting Program Letter of Referral from NCDHHS 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 approved service provider and/or the individual may result in loss of the Targeted Unit for the individual or others on the waitlist. ()

Property Management reviews housing applications and notifies the individual and NCDHHS of the status of the application (e.g., approval, denial, etc.) If the individual is approved for housing, NCDHHS notifies the approved service provider so staff can assist the individual with lease signing, paying utility deposits and moving into the unit. If the individual is denied, NCDHHS notifies the approved service provider so staff can determine if the individual will request reasonable accommodation. NCDHHS provides technical assistance to approved service providers to help individuals request reasonable accommodation. See Reasonable Accommodation and Modification Requests. All reasonable accommodation requests must be tied to the requesting individual's disability.

## Key Rental Assistance Waivers

Key Rental Assistance waivers may be requested in limited cases. Approved service providers complete and submit the Key Rental Assistance Waiver Packet to NCDHHS for review and approval. (Property management is not allowed to sponsor waiver requests.) Waiver instructions and forms are in the Key Rental Assistance Waiver Packet available upon request from NCDHHS. If needed, NCDHHS submits waivers at the time the Letter of Referral is uploaded for property management record and guidance for documenting unit events in Vacancy & 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, approved service providers must assist individuals who may qualify for the Disability Income Waiver in providing documentation to NCDHHS.

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**

NCDHHS 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. Approved service providers can sponsor waiver requests during the housing application process or during tenancy. For tenants granted income adjustment waivers, approved 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].

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, Lift).

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:

- Key Rental Assistance Waiver Cover Sheet.
- 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

NC Transitions Program Waiver (benefits the Transitions to Community Living (TCL) and Money Follows the Person (MFP) populations.

The NC Transitions Waiver applies in two situations:

1. When control of one's income is delayed because a facility is currently named as representative payee for the benefit payments.
   - **Purpose:** Allow tenants leaving residential care facilities to move into and have rent paid in units using Key Rental Assistance while control of the benefit payments are returned to the individual or their new chosen payee by Social Security or the Veteran's Administration.

   - **Result:** Key covers 100% of rent for up to 90 days until benefits are redirected to the tenant. This prevents delays in move in and ensures housing is not lost while income is catching up.

2. When the household's income is Community Living Assistance (CLA).
   - **Purpose:** The waiver serves as verification of gross income for tax credit purposes and provides instructions to property management for the calculation of Key Rental Assistance.

   - **Result:** Allows persons with atypical income to meet LIHTC and Key Rental Assistance eligibility. The Key Rental Assistance is adjusted so the tenant's rent share is fair and affordable, preventing overpayment and keeping the unit accessible.

Eligibility:

1. **Households moving from a facility or other living situation where income is delayed**
   - This can apply to residents of a nursing home, adult care home, group home, or other residential care setting.
   - Their benefits (like SSI/SSDI) are still being paid directly to the facility or to their current landlord, so they don't yet have money in hand to pay rent at the new place.
   - In this case, Key covers 100% of the rent through the first partial month plus 3 following full months:
     - Referral source: Money Follows the Person (MFP) or Transitions to Community Living (TCL) programs.
     - Automatic Referral: If an SSA award letter shows only a $30 income for someone in the MFP program, a waiver should be initiated ($30 is the **Personal Needs Allowance (PNA)**, a monthly portion of income that Medicaid-eligible nursing home residents can retain for personal expenses).

> **NOTE**
>
> Sometimes the right tool is a **hold** instead of a waiver (a hold keeps the unit available while the tenant is getting ready to move in). Make sure to check which option applies.

2. **Households with Community Living Assistance (CLA) income**
    - This applies when a household's only or main income is CLA. The waiver serves as verification of gross income for tax credit purposes and provides instructions for the calculation of Key assistance.
    - Households may also have other forms of income in addition to CLA.

Timing

- The waiver request should be submitted with the Letter of Referral (LOR) whenever possible.
- If not included with the LOR, the waiver can be submitted later, but it is a best practice to have in place before move-in so that the $1 income override and correct income instructions are entered in RCRS (otherwise, everything must be redone once waiver is enacted).
- The waiver up to 90 days of rent (plus any prorated move-in month) while income is still being paid to a facility. By month 4, benefits must be redirected to the tenant.

Required Documentation:

Always include:

- Referral Packet (standard for all referrals, with proof of income)
- For facility-income cases: SSA/SSI/SSDI Award Letter showing payee is the facility or current landlord
- For Community Living Assistance (CLA) cases: Documentation of monthly CLA income
- For HOME-funded units: HOME Template Letter (to meet HOME compliance rules)

System uploads:

- NCDHHS uploads NC Transitions Waiver approval letter to V&R
- Property management uploads NC Transitions Waiver approval letter to RCRS

### 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. Approved 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/approved 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

Approved 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 NCDHHS of a denial decision, prompt action on the part of the individual and approved 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. Please see Reasonable Accommodations During Housing Application section for information regarding if property management company denies housing to an applicant.

For more information about reasonable accommodations and modifications read *Fair Housing for Tenants with Disabilities: Understanding Reasonable Accommodations and Reasonable Modifications*.

**NOTE**

NCDHHS encourages approved 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 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. Approved service providers may ask NCDHHS 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, NCDHHS 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).

# Approved service providers Supporting Targeting Program Tenants

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

## Communicating Tenancy Issues

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

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

## 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.

Approved service providers must submit the following required documents for NCDHHS 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 approved 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 approved 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 Approved Service Providers for Tenants

If a relationship between a approved service provider and a Targeted Unit tenant comes to an end, the approved service provider should notify NCDHHS. The provider should instruct the tenant to contact NCDHHS to sign a release of information for the individual’s new provider so NCDHHS 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 an approved service provider.

## Key Rental Assistance Termination Appeal Process

If Key Rental Assistance is terminated for the reasons listed here, the following process occurs:

1. NCDHHS 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. NCDHHS 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 NCDHHS to terminate lease without penalty)
- Reasonable accommodation

If any of these events occur, individuals may reapply to the Targeting Program if eligibility criteria are met and the following documentation must be submitted along with a referral packet at reapplication:

a. Documentation that the approved 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 approved 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 approved service provider letterhead that is signed by the point person or back-up person.

PART FIVE

# NCDHHS Roles and Responsibilities

NCDHHS Targeting Program staff help property managers and approved service providers with the interpretation of program policy, procedures and partnerships to ensure program guidance is followed. In addition, NCDHHS helps partners work through any programmatic challenges that may arise. Property managers also work with NCDHHS staff who manage the Targeted Unit referral process and Targeted Unit waitlists for each property.

The NCDHHS Targeting Program Team functions include:

- Serving as the main point of contact for all issues related to Targeted Unit tenants and relaying appropriate information to approved service providers as necessary.
- Protecting confidentiality of Targeted Unit tenants' disability status and service needs.
- Providing technical assistance and guidance to participating approved 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.

NCDHHS creates and maintain 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 approved service provider's point person and back-up person. This information allows NCDHHS to follow up with individual's approved service provider so they can intervene and assist the tenant.

At a minimum, NCDHHS will contact an approved service provider to share the information they have learned from property management so the approved service provider can appropriately respond to the issue directly with the tenant. On other occasions, NCDHHS works collaboratively with the approved service provider, property management or other community partners to determine how to best address challenges that are brought to the forefront by the tenant.

## NCDHHS Targeting Program Staff Best Practices

NCDHHS is committed to the Targeting Program's success through the implementation of the following:

- Protecting confidentiality of health information (diagnosis, treatment, etc.) in all communication with property management and approved 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 Targeted Unit tenant issues including communication with property management and approved 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 approved service providers to address systemic barriers.

- Providing training opportunities for participating approved 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.
- Partnering with NCHFA to provide training opportunities for property management regarding Fair Housing trainings 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 property 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.
- Data collection specific to the Targeting Program outcomes for all populations served to guide decisions for the success of expanding housing opportunities for adults with disabilities using key measures such as move ins, move outs, denials, reasonable accommodations, hold fees, special claims, Key Rental Assistance budget, etc.

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.

NCDHHS is in the process of updating the Targeting Program webpage to meet new web and mobile application accessibility requirements under Title II of the Americans with Disabilities by April 2027.  In addition, NCDHHS will be working on building a Targeting Program Training Module for the website with hopes of completion in 2027. NCDHHS may provide documents named in this manual (that are not listed as “available on the NCHFA website”) upon request (if appropriate).

# Appendix A — HUD Section 811 Project Rental Assistance

## Purpose and Use of Appendix A

Appendix A provides information about how HUD Section 811 Project Rental Assistance (811 PRA) is used to subsidize Targeting Program Units and provides information regarding compliance with federal 811 PRA regulatory requirements. Targeting Program policies and procedures found in the body of this manual apply to all Targeting Program units subsidized with 811 PRA. This Appendix should be read in conjunction with the manual by property owners and management companies using 811 PRA to subsidize Targeting Program Units and by NCNCDHHS and service agency staff who refer individuals to Targeting Program Units subsidized with 811 PRA.

## Introduction to 811 Project Rental Assistance

The Section 811 Project Rental Assistance (PRA) Program, authorized by the Frank Melville Supportive Housing Investment Act of 2010 seeks to expand the supply of supportive housing that promotes community integration for low-income people with disabilities by leveraging mainstream affordable housing, Medicaid and other community-based supportive service resources.

### Section 811 PRA Eligibility and Tenant Requirements:

Tenants must be extremely low-income, defined as at or below 30% of Area Median Income (AMI).

- At least one adult household member must have a disability.
- The qualifying household member must be eligible for community-based, long-term services.
- Participation in supportive services is voluntary and cannot be required as a condition of tenancy.
- The qualifying household member must be between ages 18 and 61 on the move-in date.
- Section 811 PRA pays the difference between the tenant’s required rent and the approved contract rent.
- Tenants must pay 30% of adjusted gross income or 10% of monthly gross income, whichever is higher, toward rent and utilities; the $25 minimum rent policy does not apply to 811 PRA units.
- If the property’s utility allowance exceeds the tenant’s required payment, HUD issues a utility reimbursement to the tenant.

### Eligible Multifamily Properties

Properties must be located in areas that have potential eligible tenants from the priority populations identified by NCDHHS and are outlined in the required Inter-Agency Partnership Agreement between NCHFA and NCDHHS. Other requirements for properties to use 811 PRA are as follows:

- NCHFA must have existing oversight of properties through award of housing credits.
- New construction properties with at least 5 housing units.
- Properties must be family properties (no age restrictions).
- Properties must have one-bedroom units.

- Properties must not set-aside more than 20% of units for individuals with disabilities or other special populations (Olmstead settlement agreement requirement).
- Properties must not have an alternative source of project-based rental assistance available for the Targeting Program Units to be subsidized with 811 PRA.
- Properties in high demand cities/counties as determined by NCDHHS will be given priority.

### Property Setup: Required Documentation

For property owners to participate in the program, the following documents must be executed:

- **Agreement to Enter into a Section 811 Rental Assistance Contract (ARAC)**

  ARACs are executed by the property owner and NCHFA to reserve 811 PRA for Targeting Program Units prior to the property owner submitting all required environmental review documentation.

- **Rental Assistance Contract (RAC)**

  RAC Part I and II (HUD-92235-PRA and HUD- 92237-PRA) are executed for a 20-year term by the property owner and NCHFA after NCHFA has verified that environmental requirements have been met. If Congress fails to appropriate funds adequate to meet the future financial needs of the Cooperative Agreement between HUD and NCHFA, or the Cooperative Agreement is terminated, HUD will permit NCHFA to continue or terminate the RAC with the property owner at NCHFA's discretion.

- **Use Agreement**

  Property owners must enter into a thirty-year use agreement restricting use of the pre-determined number of 811 PRA units. The restriction is subject to appropriations and will terminate if Congress fails to appropriate adequate funding to provide for the financial needs of the assisted units. The use agreement will be officially recorded by NCHFA with the appropriate North Carolina County's Register of Deeds.

> **NOTE**
> 811 PRA units float at the property. Property owners do not identify specific unit numbers or locations of units in the RAC. During lease-up, NCDHHS will help management identify units for entry in the V&R System based on the anticipated needs of referred individuals and households.

## Federal Requirements for Properties Participating in 811 PRA

In addition to Targeting Program policies on Fair housing which can be found in the Fair Housing Section, property owners/property managers must ensure that Targeting Program Units with 811 PRA are readily accessible to individuals with disabilities and must grant reasonable accommodation requests in accordance with federal fair housing law and applicable program requirements.

### Federal Requirement Summary

The requirements in Table 5 summarize federal requirements covering multifamily developments with 811 PRA. Property owners/property managers should review HUD's Section 811 PRA Program Guidelines and implementing regulations to fully understand these requirements.

***Summary of Federal Requirements***

| Federal Requirement | PRA Guideline | Requirement Summary | Implementing Regulation |
|---|---|---|---|
| Fair Housing and Civil Rights Laws | PRA.408 | Property owners/property managers must comply with all applicable fair housing and civil rights requirements, including any related state or local laws. | 4 CFR 5.105(a) including but not limited to: Fair Housing Act Title VI of the Civil Rights Act of 1964 Section 504 of the Rehabilitation Act of 1973 Title III of the Americans with Disabilities Act HUD's Equal Access rules at 24 CFR. §§ 5.100, 5.105(a)(2), 5.403 |
| Effective Communications | PRA.410 | Communications must be effective for persons with hearing, visual and other communication-related disabilities. | Section 504 of the Rehabilitation Act of 1973 (see 24 CFR § 8.6) Americans with Disabilities Act. |
| Tenant Organization Rights | PRA.409 | Property owner may not impede the reasonable efforts of tenants of the Assisted units to organize. | 24 CFR Part 245 or any successor regulations of 24 CFR Part 245. |
| Barrier Free/ Accessibility Requirements | PRA.407 | Property owners/property managers must meet accessibility requirements of relevant laws and regulations. Assisted units may be a mix of accessible and non-accessible units for individuals with and without physical disabilities. | Section 504 of the Rehabilitation Act of 1973 (see 24 CFR part 8) Title III of the Americans with Disabilities Act (see 28 CFR part 36) Fair Housing Act (24 CFR Part 100) Chapter 11 of the NC Building Code |

## Tenant Selection Plan

In addition to the policies in the *Fair Housing and Tenant Selection Plan Policy for Properties Monitored by the North Carolina Housing Finance Agency*, the owner's Tenant Selection Plan must include the following:

- Program eligibility requirements for the Section 811 PRA units
- Procedures for accepting applications and selecting from the waiting list
- Occupancy Standards specific to single persons occupying Section 811 PRA units with two or more bedrooms
- Information regarding Pet Deposits, if applicable

### Tenant Selection Plan requirements for 811 PRA

The North Carolina Housing Finance Agency 811 PRA Tenant Selection Plan (TSP) guidance must be reviewed along with its accompanying 811 PRA TSP Checklist, to assist in evaluating TSPs and ensuring they meet all required HUD 811 PRA elements in addition to other property-required TSP requirements.

1. Eligible NC 811 PRA applicants will be referred to the property to apply for the Targeting Program units subsidized with 811 PRA by the NCNCDHHS NCHFA is the contract administrator of this program, herein referred to as NC 811 PRA. Division of Aging and/or its designees as outlined in the NC 811 PRA Inter-Agency Partnership Agreement between NCNCDHHS and NCHFA and in accordance with the Cooperative Agreement between NCHFA and HUD.
2. Eligible NC 811 PRA applicants are defined as extremely low-income households where at least one person is an individual with a disability, between 18 and 61 years of age at the time of the

initial lease start date at the property. The person with the disability must be eligible for community-based, long-term services as provided through Medicaid waivers, Medicaid state plan options, state funded services or other appropriate services related to the target populations under the Inter-Agency Partnership Agreement.

3. Eligible NC 811 PRA applicants referred by NCDHHS have preference for the Targeting Program units subsidized with NC 811 PRA.

4. Application fees may not be charged to 811 PRA applicants or their household members in accordance with a provision in the *Fair Housing and Tenant Selection Policy for Properties Monitored by the North Carolina Housing Finance Agency* prohibiting application fees for Targeting Program applicants.

5. Section 811 PRA applicants and their household members may be screened for rental history, credit history and criminal records using the standard procedures described in the Tenant Selection Plan. The Tenant Selection Plan must be in accordance with the *Fair Housing and Tenant Selection Policy for Properties Monitored by the North Carolina Housing Finance Agency* and includes the following screening policies that must be applied to NC 811 PRA applicants:
    - To the extent that the landlord reference is negative due to unpaid rent or money owed [or lack of rental history], the screening criteria will not be held against applicants – including additional household members, if any – as the landlord will have the ability to recover economic losses related to the impending tenancy through Targeting Program risk mitigation tools.
    - Credit Screening criteria will be waived for 811 PRA applicants – including additional household members, if any – as the landlord will have the ability to recover economic losses related to the impending tenancy through Targeting Program risk mitigation tools.

6. Property management will accept reasonable accommodations requests from eligible NC 811 PRA applicants, in order that they may gain equal access and full use of the property and the NC 811 PRA subsidies as indicated in the Tenant Selection Plan which must be in accordance with the *Fair Housing and Tenant Selection Policy for Properties Monitored by the North Carolina Housing Finance Agency*.

7. The Division of Aging will be notified of an eligible NC 811 PRA applicant's status in the following scenarios using the Rental Compliance Reporting System – Vacancy and Referral System:
    - The applicant has been approved for an apartment and the anticipated lease date.
    - The applicant has been denied an apartment and the reason for the denial.
    - The applicant has refused an offered apartment.

8. The Division of Aging and/or its designee will be notified of a NC 811 PRA tenant's status in the following scenarios:
    - The tenant has requested a transfer to a different unit, the reason for the transfer, the anticipated date of an approved transfer or the reason for a denied transfer.
    - Property management has required that the tenant transfer to a different unit, the reason for the transfer and the anticipated date of transfer.
    - The tenant is having any issue that may present a risk to housing stability.

- Property management has served a Notice to Evict to the tenant.
- The tenant's lease or assistance has been terminated, the date and reason for termination.
- Additionally, Paragraph 8(g) of the 811 PRA lease requires that termination notices be copied to NCHFA, which may be done via email.

## Affirmative Fair Housing Marketing Plan (AFHMP)

Property owners are not required to have an AFHMP specific to 811 PRA, but must follow affirmative fair housing practices outlined in their general AFHMP in determining eligibility and conducting all transactions with prospective tenants. NCNCDHHS is responsible to market the availability of Targeting Program units with 811 PRA to its partner agencies that work with individuals with preference for 811 PRA to see if they would like to be referred to apply for housing.

## Limited English Proficiency (LEP)

Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166 require that recipients of federal funds take responsible steps to ensure meaningful access by persons with limited English proficiency. A Limited English Proficient (LEP) person is a person who does not speak English as their primary language and who has a limited ability to read, speak, write or understand English. To ensure meaningful access to its programs for LEP persons, NCHFA requires that all its recipients receiving federal funds conduct a Four Factor Analysis.

See NCHFA Guidance for Developing a Four Factor Analysis and LAP instructions.

## NCDHHS Partnership and Support Services

The Targeting Program with 811 PRA is implemented through a partnership between NCHFA and NCNCDHHS Division of Aging, housing staff within the Office of the Secretary and NCNCDHHS service partners as documented in an Inter-Agency Agreement. NCNCDHHS will utilize its network of service agencies and Local Management Entities/Managed Care Organizations, both currently serving as referral agencies for the Targeting Program, to refer eligible individuals to Targeting Program Units with 811 PRA.

**Housing Choice/Services Choice**

Housing and services choice are a guiding principle for NCNCDHHS program management and are operationalized through the following practices:

- sharing information about characteristics of participating properties with approved service providers in a format that can be reviewed with individuals.
- training approved service providers to review program housing options and characteristics with individuals and refer individuals to properties where the individual is interested in living, based on their preferences, needs and proximity to natural supports and community amenities.
- maintaining property-specific waitlists as opposed to city or county-based waitlists.
- providing informed choice regarding housing options to individuals upon diversion from institutional settings, utilizing the NCNCDHHS standardized diversion tool.
- developing person-centered plans (PCP) for every person with a focus on collaboration between the participant and providers and ensuring service choice throughout PCP development

(participants decide what services and resources are right for them and find their own pathways to success).

- ensuring supportive services are voluntary and flexible and housing is not dependent on participation in services.

**NOTE**

A tenant's participation in supportive services is voluntary and cannot be required as a condition of admission or continued occupancy.

## HUD Reporting Systems

**TRACS** – Tenant Rental Assistance Certification System – is the final repository database for compliant tenant and voucher information (HUD 50059s and vouchers). NCHFA has partnered with a service bureau (EPS) to perform TRACS activity on behalf of property owners/management companies.

**EIV** – Enterprise Income Verification System – is a web-based system that collects and verifies income and employment information from the Social Security Administration, the U.S. Department of Health and Human Services, and Public Housing Agencies for people participating in HUD rental assistance programs.  NCHFA is performing EIV activity on behalf of property owners/management companies and will share EIV reports with management staff authorization to review EIV reports.

**iREMS** – integrated Real Estate Management System – is a data source for HUD's multi-family housing portfolio. iREMS is not viewable by property owners, but can be accessed by NCHFA. HUD staff use iREMS to record actions like approved rent adjustments and contract renewals.

**NOTE**

For property owner/management company information to populate in iREMS, the organization(s) must be registered in HUD's Multifamily Business Partner Registration website. Organizations can register here. The property owner does not need to go through the previous participation clearance process (HUD 2530). The Business Partners Registration website interfaces with the Active Partners Performance System (APPS) and iREMS. Once organizations are registered in APPS, HUD can create ownership information in iREMS by entering the Taxpayer Identification Number.

# Owner/Property Management Roles and Responsibilities (811 PRA)

Property owner/property management's understanding of 811 PRA policies and procedures is vital to efficient and effective program operation. Property owner/property management responsibilities include the following:

- Comply with the 811 PRA Rental Assistance Contract.
- Attend Targeting Program, 811 PRA, RCRS and V&R System trainings.
- Continuously train staff on Targeting Program and 811 PRA policies and procedures.
- Make the Targeted Unit Agreement and the 811 PRA Rental Assistance Contract and exhibits available for management staff at properties.
- Comply with the Targeting Program referral process.
- Comply with the Targeting Program lease-up process.
- 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 NCDHHS.

## Verifying Household Eligibility Criteria

To qualify for HUD Section 811 PRA, households must meet the following criteria:

1. A Household member with disability between ages at least 18 and no older than 61 on move-in date.
2. The disabled adult must be eligible for community-based long-term services funded through Medicaid or state sources.
3. The gross annual household income must be at or below 30% AMI (Extremely Low Income) of current year HUD Section 8 Income Limits.
4. The following targeted populations will be prioritized:
    - Individuals transitioning out of institutional settings, including State Psychiatric Facilities, adult care homes, skilled-nursing facilities and group homes.
    - Individuals at-risk of entering an institutional setting, including hospitalizations, placement in licensed facilities or individuals at-risk of homelessness.
    - Homeless individuals with disabilities.
5. Individuals must be referred by agencies approved by NCDHHS to participate in the Targeting Program.

### Income eligibility determinations and documentation

The property owner/property manager is responsible for all Income Eligibility Determinations to ensure the combined annual income of all members of the applicant's household, at the time of move in, does not exceed the extremely low-income limit as defined by HUD. The property owner/property manager must obtain and verify information related to household income and composition. Adult members of a family must sign consent forms and, as necessary, verification documents so that the property owner can verify sources of family income and family size.

Property owners/property managers should consult HUD Handbook 4350.3 REV-1, CHG-4 and other HUD guidance for complete information on how to determine household income.

Property owners/property managers are required to verify all household members' information using methods that are acceptable to HUD. The property owner/property manager is responsible for determining if the verification documentation is adequate and credible. Acceptable methods of verification, in order of acceptability to HUD, are:

1. Upfront-income verification (UIV) with use of EIV being mandatory and use of non-EIV UIV being optional
2. Third-party verification from source (written)
3. Third-party verification from source (oral)
4. Family certification

**NOTE**
If third-party verification is not available, property owners must document the tenant file to explain why third-party verification was not available.

Appendix 3 from Handbook 4350.3 outlines acceptable forms of verification.  If third-party verification is not available, property owners/property managers must document why third-party verification was not available in the tenant file.

## Occupancy Standards

| Bedrooms | Minimum Persons |
|---|---|
| 0 | 1 |
| 1 | 1 |
| 2 | 2 |
| 3 | 4 |

A unit is assigned to an applicant family based on their family size and composition. Reference the written policies for the site's specific standards. To prevent underutilization, the following minimum standards for occupancy apply:

- One person will not be permitted to occupy a unit with two or more bedrooms unless that individual is:
  - With a disability and needs the larger unit as a reasonable accommodation.
  - In need of a live-in aide.
  - A remaining family member of a resident family when no appropriately sized unit is available.
  - A displaced person when no appropriately sized unit is available.

### Conditions Under Which Property Owners May Reject Applicants

A property owner may reject an applicant if the applicant:

- Is ineligible for occupancy in a particular unit or property (see Chapter 3, Sections 1 and 2 for eligibility requirements).
- Is unable to disclose and provide verification of SSNs for all household members.
- Does not sign and submit verification consent forms or the Authorization for Release of Information (forms HUD-9887 and HUD-9887-A).
- Has household characteristics that are not appropriate for the specific type of unit available at the time or has a family of a size not appropriate for the unit sizes that are available. In such cases, the property owner may deny the applicant admission to a specific unit, but the applicant may continue to wait for another unit.
- Does not meet the property owner's tenant screening criteria.

## Initial Contract Rent and Annual Rent Increases

The initial contract rent is established in the 811 PRA RAC. After initial contract rent setting, contract rents may be adjusted annually on the anniversary of the RAC based on HUD's Operating Cost Adjustment Factor (as outlined in the RAC) upon request by the property owner to NCHFA. NCHFA will review and approve each written request and ensure that the approved annual rent adjustment coincides with Part II of the RAC, section 2.7(b). NCHFA will document the approved contract rent increase and utility allowance adjustment (if applicable) on Form HUD-92458 and update the property owner regarding the approved rent increase. The RAC will be amended and sent to HUD.  The executed form HUD-92458 will be sent to EPS and the property should post form HUD-92458 on-site.

When property owners receive approval from NCHFA for changes to the gross rents for a property due to either annual contract rent changes and/or utility allowance changes, there are several occupancy-related actions that property owners must take. HUD Handbook 4350.3 REV-1, Chapter 7 describes these requirements and procedures. The basic actions are outlined below:

a. A gross rent change may occur due to a rent change, a change in the utility allowance, or a change in both the rent and utility allowance.
b. Property owners must comply with the tenant comment and posting procedures described in the Code of Federal Regulations at 24 CFR 245.
c. NCHFA will submit approved gross rent changes to the TRACS vendor per Section 4: Gross Rent Changes HUD Multifamily Occupancy Handbook 7-31 8/13 Chapter 7: Recertification, Unit Transfers, and Gross Rent Changes 4350.3 REV-1
d. Property owners must provide the tenant a new HUD-50059-A reflecting all changes in rents, utility allowances and/or reimbursements, total tenant payment, tenant rent and assistance payments a save a copy in the tenant file.
e. Tenants need only sign and date the HUD-50059-A if the gross rent change results in a change in the amount of rent the tenant is required to pay or in the utility reimbursement the tenant will receive. Owners must sign and date the HUD-50059-A.

## Utility Allowance Adjustments

The same utility allowance methodology used for the property applies to the units leased by tenants receiving 811 PRA. Property owners should follow the NCHFA utility allowance instructions found on our website.

The Total Tenant Payment (TTP) includes the Tenant Rent and the utility allowance. Tenant Rent is the portion of the TTP the tenant pays each month to the property owner for rent. A utility reimbursement to the tenant must be provided if the utility allowance is greater than the TTP.

### Utility Reimbursements

If the utility allowance is greater than the Tenant Rent, the property owner must pay the difference to the tenant on a monthly basis. Property owners request payment for utility reimbursements from NCHFA with the tenant's monthly Housing Assistance Payment. The property owner is responsible for disbursing the utility reimbursement payment to the tenant or utility provider or the funds must be returned to the NCHFA. The property owner must provide the utility reimbursement to the tenant or utility provider within 5 business days of receipt of the payment from NCHFA.

## Hold Fees

NCDHHS 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. The hold fee is paid with Key Rental Assistance funds. 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.

## Late Fees

Property owners cannot charge late fees to 811 PRA tenants for late rent payments.

## Security Deposits

Per the 811 PRA Model Lease (form HUD-92236-PRA), a security deposit in the amount equal to one month's Total Tenant Payment (TTP) or $50, whichever is greater, will be collected at the time of signing the lease agreement. Key Rental Assistance is used to pay security deposits on behalf of all Targeting Program applicants with a Targeting Program Letter of Referral from NCDHHS.

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.

## Pet Deposits

The pet rules may require tenants to pay a refundable pet deposit, but apply only to those tenants who own or keep cats or dogs in their units.

This deposit is in addition to any additional financial obligation generally imposed on tenants of the property.

The pet deposit must not exceed $300 and the initial deposit cannot exceed $50 at the time the pet is brought onto the premises.

The pet rules must allow for gradual accumulation of the remaining required deposit, not to exceed $10 per month until the deposit is reached, but not prevent a tenant to pay more than $10 per month if he or she chooses to do so.

Because pet rules do not apply to assistance animals needed as a reasonable accommodation for an individual with a disability, pet deposits cannot be required for assistance animals. See HUD Handbook 4350.3 REV-1, Chapter 2, Paragraph 2-44, Section E, for additional information. c. Other Charges. As identified in HUD Handbook 4350.3 REV-1, Paragraph 6-25. F)

## Use(s) of Funds

Eligible expenses for 811 PRA funds are noted in the table below.  Key Rental Assistance may be used to pay for ineligible 811 PRA expenses such as tenant security deposit and possible hold fees made prior to tenancy and risk mitigation claims made after tenancy termination.

### Payment By Eligibility

| Payment Type | Key Rental Assistance | 811 PRA |
|---|---|---|
| Monthly Rental Subsidy | Eligible | Eligible |
| Security Deposit | Eligible | Not eligible |
| Risk Mitigation (except Vacancy Loss) | Eligible | Not eligible |
| Vacancy Loss | N/A | Eligible upon tenancy termination (up to 60 days at 80% of the contract rent) |
| Hold Fees | Eligible | Not eligible |

## Tenant Rent Calculation

Property owners must verify the amount of the household's income before the household is allowed to move into the 811 PRA unit and re-verify household income at least annually thereafter. The amount of assistance paid on behalf of the household is calculated using the household's annual income less allowable deductions.

The property owner determines a household's income using the requirements found in HUD Handbook 4350.3, REV-1.

HUD's Enterprise Income Verification (EIV) system must be used as a third-party source to verify tenant employment and income information during mandatory reexaminations or recertifications of household composition and income and to reduce administrative and subsidy payment errors. NCHFA staff will use EIV on behalf of property owners to complete this work.

The Total Tenant Payment (TTP) is the amount a tenant is expected to contribute for rent and utilities. TTP for the 811 PRA program is based on the family's income. Calculation of TTP is the greater of the following:

- 30% of monthly adjusted income; or

- 10% of monthly gross income.
- Note: The minimum rent requirement of $25 does not apply to 811 PRA applicants or tenants.

## Tenant File Checklist

The following documents are required for 811 PRA at Application and Move-in and must either be uploaded to RCRS or retained in the onsite tenant file, as indicated below:

| Tenant File Document at Application and Move-In | RCRS Upload | RCRS Document File Type | Note |
|---|---|---|---|
| Application **and** Form HUD-92006 – Supplement to Application for Federally Assisted Housing | Yes | Rental Application Form | These documents should be uploaded as one PDF. Form HUD-92006 should be offered to tenants at Annual Recertification as well, to allow the tenant to make changes. |
| Form HUD-9887 & HUD-9887-A Document Package of the Applicant's/Tenant's Consent for the Release of Information | Yes | Tenant's Consent for the Release of Information | |
| Tenant Consent to Disclose EIV Information to Third Parties - Sample Form, if applicable | Yes, if applicable | Tenant's Consent for the Release of Information | This form is only needed if someone is helping the tenant with recertifications/EIV. |
| **NCDHHS Targeting Program Letter of Referral** | Yes | Targeting Referral Letter | This letter operates as verification of disability; no other verification is needed for disability. |
| Form HUD-50059 | Yes | Tenant Income Certification | Management to complete HUD-50059 and upload as a single, stand-alone document to facilitate voucher payment processing. (The LIHTC TIC is not needed for 811 PRA files.) |
| **Income verification documentation*** | Yes | See specific options in RCRS | |
| **Asset verification documentation*** | Yes | See specific options in RCRS | Asset Self-Certification (NCHFA Sample) cannot be used for tenants at move-in at properties with HOME or NHTF. |
| **Medical/disability assistance/child care expense documentation*** | Yes | Deduction Verification | Tip: A brief description can be added to the document upload in RCRS. |
| NCHFA Supplemental Demographic form | Yes | Supplemental Information Form | |
| **SSN Verification (all household members)** | No | N/A | See Page 19 of Appendix 3 in HUD Handbook 4350.3 for all acceptable forms of SSN verification. |
| **Verification of Student Status** | Yes | Student Status Verification | Student Status Affidavit (NCHFA Sample) |
| HUD Section 811 PRA Model Lease (HUD-92236-PRA) | Yes | Rental Lease | Be sure to use the Owner or Agent as the landlord at top (not the property name). |

| Tenant File Document at Application and Move-In | RCRS Upload | RCRS Document File Type | Note |
|---|---|---|---|
| VAWA lease addendum HUD-91067 | Yes | Lease Addendum | |
| **House rules, pet rules and live-in aide addendum, as applicable** | Yes, as applicable | Lease Addendum | See Paragraph 6-24 in HUD Handbook 4350.3 for guidance regarding Pet Deposits. |
| **Live-In Care Attendant Affidavit** | Yes, as applicable | Live-In Care Attendant Verification | Required for each household with live-in aides. |
| **Move-In Inspection Report** | Yes | Lease Addendum | O/A and tenant signature required. See Appendix 5 in HUD Handbook 4350.3 for a sample form. The following text from HUD Handbook 4350.3 Page 6-45 **must** be added to the Inspection Report: *The tenant has 5 days to report any additional deficiencies to the owner.* |
| Acknowledgement Form | Yes | Owner and Tenant Acknowledgement | Must be signed by Management Agent and tenant. |
| Resident Rights & Responsibilities | No | N/A | |
| HUD-9887 Fact Sheet | No | N/A | |
| "How your Rent is Determined" Fact Sheet | No | N/A | |
| *EIV & You* Brochure | No | N/A | |
| "Fraud...is it worth it?" (HUD-1141) | No | N/A | |
| VAWA Notice of Continued Occupancy Rights (HUD-5380) | No | N/A | |
| VAWA Certification (HUD-5382) | No | N/A | |
| Race and Ethnic Data HUD-27061-H | No | N/A | Required for each household member in on-site tenant file. |
| Live-In Aide Acknowledgement | Yes | Live-In Care Attendant Verification | Required for each household with live-in aides. |

Appendix 3 in HUD Handbook 4350.3 for Acceptable Forms of Verification.

## 811 PRA Annual and Interim Tenant Income Re-Certification

Property managers must recertify ALL Targeted-Unit households with 811 PRA annually to determine assistance level. 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 811 PRA eligibility.

In addition to all Targeting Program policies on annual recertifications, owners/property managers must recertify household income and composition annually using form HUD-50059. Refer to Chapter 7 of HUD Handbook 4350.3 for more information.

### The 15-Month Timeline Chart

| Annual Recertification Effective Date | Key RCRS Payment Request Deadline (*This deadline is after the tenant file has been uploaded and approved.) | If RCRS Payment Request Deadline is Missed, Date Assistance Payments are Terminated and Recouped |
|---|---|---|
| **January 1** | February 26 | April 1 |
| **February 1** | March 26 | May 1 |
| **March 1** | April 26 | June 1 |
| **April 1** | May 26 | July 1 |
| **May 1** | June 26 | August 1 |
| **June 1** | July 26 | September 1 |
| **July 1** | August 26 | October 1 |
| **August 1** | September 26 | November 1 |
| **September 1** | October 26 | December 1 |
| **October 1** | November 26 | January 1 |
| **November 1** | December 26 | February 1 |
| **December 1** | January 26 | March 1 |

The following documents are required for 811 PRA at Annual Recertification and Interim Recertification and must either be uploaded to RCRS or retained in the onsite tenant file, as indicated below:

### Tenant File Documentation at Annual/Interim Recertification

| Tenant File Document at Annual/Interim Recertification *Note: Not all documents apply to IRs; also refer to move-in checklist for IRs, as applicable. | RCRS Upload Required | RCRS Document File Type | Note |
|---|---|---|---|
| Form HUD-92006 – Supplement to Application for Federally Assisted Housing | Yes, if applicable | Rental Application Form | Form HUD-92006 should be offered to tenants at Annual Recertification to allow the tenant to make changes; upload is required **only** if information has changed. |
| Form HUD-9887 & HUD-9887-A Document Package of the Applicant's/Tenant's Consent for the Release of Information | Yes | Tenant's Consent for the Release of Information | |
| Tenant Consent to Disclose EIV Information to Third Parties - Sample Form, if applicable | Yes, if applicable | Tenant's Consent for the Release of Information | This form is only needed if someone is helping the tenant with recertifications/EIV. |
| Form HUD-50059 | Yes | Tenant Income Certification | Management to complete HUD-50059 and upload as a single, stand-alone document to facilitate voucher payment processing. (The LIHTC TIC is **not needed** for 811 PRA files.) |

| | | | |
|---|---|---|---|
| Income verification documentation* | Yes | See specific options in RCRS | |
| Asset verification documentation* | Yes | See specific options in RCRS | Asset Self-Certification (NCHFA Sample) cannot be used for tenants at move-in at properties with HOME or NHTF. |
| Medical/disability assistance/child care expense documentation* | Yes | Deduction Verification | Tip: A brief description can be added to the document upload in RCRS. |
| Verification of Student Status | Yes | Student Status Verification | Student Status Affidavit (NCHFA Sample) |
| Acknowledgement Form | Yes | Owner/Tenant Acknowledgement | Must be signed by Management Agent and tenant. |
| Resident Rights & Responsibilities | No | N/A | |
| HUD-9887 Fact Sheet | No | N/A | |
| "How your Rent is Determined" Fact Sheet | No | N/A | |
| *EIV & You* Brochure | No | N/A | |
| "Fraud...is it worth it?" (HUD-1141) | No | N/A | |
| VAWA Notice of Continued Occupancy Rights (HUD-5380) | N/A | N/A | |
| VAWA Certification (HUD-5382) | N/A | N/A | |
| Race and Ethnic Data HUD-27061-H | N/A | N/A | Required for each household member in on-site tenant file. |
| Live-In Aide Acknowledgement | Yes, if applicable | Live-In Care Attendant Verification | Required for each household with live-in aides. |
| Recertification Questionnaire | Yes | Recertification Questionnaire | |
| 30-day Notice of Rent Increase | Yes, if applicable | | |
| Copies of Recertification Notices: Initial, First, Second, Third, as appropriate. | Yes | | |
| **Please upload any other documents that may be relevant to the AR that are not included on this list."* | | | |

*See Appendix 3 in HUD Handbook 4350.3 for Acceptable Forms of Verification

## Enterprise Income Verification (EIV) System

Owners must submit an EIV Owner Approval Letter prior to lease-up authorizing NCHFA to access EIV on their behalf; this letter must be provided on official letterhead and will be maintained by NCHFA.

NCHFA is responsible for running the EIV Existing Tenant Search for all household members prior to move-in, as well as generating and maintaining all required EIV Master File Reports and EIV Tenant File

Reports. All EIV Reports are stored in a Secure Electronic Repository with access restricted to only authorized staff in accordance with HUD Handbook 4350.3.

NCHFA will securely share EIV information as necessary with Management Agent staff who will use EIV reports to perform their job function. These individuals must annually complete HUD-mandated training. The completed training certificates will be maintained by NCHFA. The required Cyber Awareness Challenge can be found here: Cyber Awareness Challenge | Cyber Exchange

Additionally, signed EIV Rules of Behavior (ROB) for applicable Management Agent staff must be submitted and will be maintained by NCHFA; the EIV ROB can be found here: EIV Rules of Behavior (ROB).

The Management Agent is responsible for addressing and resolving any potential EIV income discrepancies with the household when directed to do so by NCHFA. EIV documentation must not be kept in the LIHTC tenant file.

## Household Income Changed

811 PRA policy requires tenant income recertification and tenant rent share calculation outside of annual income recertification. If a families' income increases by $200 or more a month, an interim certification is required.

- **Household Income Increased**
  Income increases above 30% AMI do not affect 811 PRA eligibility. The tenant rent share simply increases proportionately to the increase in income. Households qualify for 811 PRA if they qualify for one dollar or more of assistance.

- **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 in accordance with HUD Handbook 4350.3. All required documentation must be completed and uploaded into RCRS.

## 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 may impact tenant rent share or 811 PRA eligibility.

- **Household Does Not Meet the Minimum Occupancy Standards**
  Households are obligated to report household member move-out at any point between recertifications. Households are required to relocate when the appropriate size unit becomes available to prevent underutilization. If a family refuses to move to the correct size unit, the family may stay in the current unit and pay the market rent. The owner must not evict the family for refusing to move but may evict the family if it fails to pay the market rent in accordance with the lease.

- **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 811 PRA may trigger 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 811 PRA and

the new occupant increases the total gross household income, the tenant's rent share will increase proportionately to the increase in household income at time of annual income re-certification.

- **811 PRA-Eligible Household Member vacated the unit**
  - **Leaves the Unit**
    If the individual who establishes eligibility for 811 PRA leaves the unit for any reason other than death, the owner in collaboration with NCDHHS must determine if the individual(s) still residing in the unit meets the eligibility requirements for the property and 811 PRA.

    If the remaining individual(s) is eligible for the property but not for 811 PRA they may remain in the unit but must pay contract rent.
  - **Deceased 811 PRA-Eligible Household Member**
    Property management should follow their policies and guidance from legal counsel if the 811 PRA-eligible household member becomes deceased during tenancy. 811 PRA guidelines differ in this situation based on whether the household is a single person household or a multiple person household.
  - **Deceased PRA-Eligible Household Member (Single Person Household)**
    811 PRA payments will continue for up to 14 days after the date of death. The maximum 14-day grace period allows time for the deceased's family to remove the individual's belongings from the unit once they have possession.
  - **Deceased PRA-Eligible Household Member (Multiple Person Household)**
    NCDHHS may work with the remaining family member(s) to determine if they qualify for 811 PRA. If at least one remaining household member does not meet the definition of persons with disabilities, the remaining household members can remain in the unit but will no longer receive 811 PRA rental assistance. When 811 PRA rental assistance is terminated, the household will be required to pay the lesser of the HUD approved Contract Rent or the maximum allowable rent under the Low-Income Housing Tax Credit and/or HOME Investment Partnerships Program, as applicable.

## Household Inhibits Timely Annual Income Recertification Completion

There may be extenuating circumstances when a tenant is out of compliance. When a tenant fails to provide the required recertification information by the recertification anniversary date, an owner must inquire whether extenuating circumstances prevented the tenant from responding prior to the anniversary date. If the tenant is a person with disabilities, the owner must consider extenuating circumstances when this would be required as a matter of reasonable accommodation.

a. **Extenuating circumstances**
   These are circumstances beyond the tenant's control. Examples of extenuating circumstances include:
   1) Hospitalization of the tenant
   2) Tenant out of town for a family emergency (such as the death or severe illness of a close family member)
   3) Tenant on military duty overseas

b. **Inquiring about extenuating circumstances**

1) At the time the tenant submits the required recertification information, the owner must inquire whether extenuating circumstances prevented the tenant from submitting the information prior to the recertification anniversary date.

*2)* If the tenant indicates that extenuating circumstances were present, the tenant must promptly provide the owner with evidence of their presence. *(Section 1: Annual Recertification HUD Multifamily Occupancy Handbook 7-21 6/07 Chapter 7: Recertification, Unit Transfers, and Gross Rent Changes 4350.3 REV-1)*

c. **Determining whether extenuating circumstances were present**
When a tenant provides evidence of extenuating circumstances, the owner must determine whether the information provided shows that the circumstances meet the condition described above in subparagraph a.

d. **Notice of decision**
The owner must provide the tenant with a written notice of the decision. The notice must also inform the tenant of his/her right to appeal the owner's decision if the owner determines that extenuating circumstances were not present.

e. **Appeal to the property owner**
If the property owner denies extenuating circumstances, he or she must provide the tenant with an opportunity, within 10 days of notification, to meet with the owner or designated representative to appeal the decision to raise the tenant rent to market rent. The owner has an obligation to arrange for a person, who was not part of the original determination, to conduct the appeal meeting. The tenant may have representation at the meeting, may present information for consideration and may respond to the information presented by others.

f. **Extenuating circumstances NOT present**
If the owner determines that extenuating circumstances were not present, follow the procedures in subparagraph D.3 above for completing processing of the tenant's information, determining whether assistance can be reinstated and establishing effective dates. 5. Effective date of TTP/tenant rent, assistance, recertification anniversary when extenuating circumstances were present.

g. **Extenuating circumstances present**
If the owner determines that extenuating circumstances were present:

1. There is no change in the recertification anniversary date; and
2. The TTP/tenant rent and the assistance payments determined based on the recertification information provided by the tenant are effective retroactively to the recertification anniversary date

## Household No Longer Qualifies for 811 PRA Due to Receiving Other Federal Subsidy

Tenants may be terminated from or denied 811 PRA if they have a federal voucher like a Housing Choice Voucher (Section 8) or any other federal subsidy. When tenants transition from 811 PRA to a Housing Choice Voucher (Section 8), property management should update RCRS. Tenants transitioning from 811 PRA to a Housing Choice Voucher (Section 8) may 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 811 PRA rent outlined in the rental assistance contract that the property had been accepting for the unit. (Annual recertifications are still required for Targeted-Unit households receiving a subsidy other than 811 PRA.)

If tenants transition to a Housing Choice Voucher (Section 8) and continue to occupy a unit at the development, property management may create an additional Targeted Unit to utilize the unused 811 PRA funds with NCHFA and NCDHHS 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.

## Requesting 811 PRA Payment

Property management make 811 PRA payment requests through RCRS. The RCRS system will calculate tenant rent and 811 PRA subsidy amounts based on the unit size, income, asset and deduction information. Inaccurate data prompts file return to the property manager for correction.

NCHFA cannot make 811 PRA payments for individual tenants until all required documentation is submitted and approved in RCRS and the management company has completed the move-in, annual recertification or interim recertification Unit Event.

Tenant rent and 811 PRA subsidy will be pro-rated for the month of move-in and move out, based on the number of days in the month.

- The prorated rent amount is calculated by dividing the monthly rent by the number of days in the month, then multiplying the result by the number of days the unit is occupied (rent/days in month x days in unit = prorated amount.)
- If a tenant moves out mid-month and 811 PRA subsidy was paid for the entire month, a negative adjustment will be made on the next month's 811 PRA voucher. This adjustment is shown in RCRS on the rental assistance payment request immediately following the move-out entry.

## Communicating Tenancy Issues

See Communicating Tenancy Issues section in the Property Managers Supporting Targeting Program Tenants section.

## Monitoring, Reporting and Compliance

The NCHFA Asset Management Department will oversee the continued compliance of multifamily properties that participate in the Section 811 PRA Program, including compliance with existing funding requirements and new requirements added by the Section 811 PRA Program. The protocol used during the monitoring will include unique requirements specific to the 811 PRA Program.

### Reporting Requirements

The 811 PRA Program requires NCHFA to submit quarterly and annual reports to HUD regarding program administration, utilization of 811 PRA units, tenancy outcomes and related metrics. To support timely and accurate HUD reporting, it is essential that Owners submit tenant data to RCRS promptly and with complete accuracy.

### Recording Keeping and Documentation

Owners/Property Managers must retain records in accordance with HUD requirements. Additional records and documentation related to the Section 811 PRA Program must be made available to NCHFA and HUD upon request and maintained for a period determined by HUD and NCHFA.

Exceptions to the record retention periods:

- If any litigation claim, negotiation, inspection, or other action has started before the expiration of the required retention period, records must be retained until completion of the action and resolution of all issues which arise under it; and a date consistent with any other period required by federal or state law or regulation.

## Vacancy Loss Payments

After Rent-Up, if a Section 811 PRA Program tenant vacates a Section 811 PRA Program unit, the Owner is entitled to Rental Assistance Payments of up to 80 percent of the Contract Rent for up to 60 days of vacancy once the unit is ready to be occupied. If the Grantee program includes vacancy payments, a Rental Assistance Payment may be made to the Owner for a vacant Assisted Unit that may not exceed 80 percent of the contract rent for up to 60 days of vacancy, subject to the conditions as may be imposed by HUD administrative guidance. If the Owner collects any tenant rent or other amount for this period which, when added to this vacancy payment, exceeds the contract rent, the excess must be repaid as HUD directs. NCHFA will then have a two-week grace period (10 business days) to identify an applicant to refer to the property. During this two-week grace period, NCHFA will either accept the unit or reject it.

Vacancy payments will be available on units that were occupied by an 811 tenant that exited the program prior to the expiration of their lease. The vacancy payment will cover 80% of the contract rent for up to 60 days to allow the owner to clean, make repairs and rent the unit to another person receiving 811 PRA subsidy. The vacancy payments will only be provided for the actual time it takes to prepare the unit to be re-leased to another 811 PRA tenant. The owner is not eligible to collect a vacancy payment once the owner starts receiving rental income on the unit.

# Appendix B: The Life of the Vacancy and Referral System

<u>Things to know before you begin</u>

• RCRS **Management** Company Account Administrator must provide their staff with "RCRS Vacancy Reporter" access to the property.

• **Management** always works on the Vacancy Detail page **until** the **Housing Assessor** provides a referral. From that point forward, all updates are entered on the Referral Detail page.

• The **Housing Assessor** always works on the Referral Detail page UNTIL management has updated the referral with the move-in date, etc. From that point forward, the Housing Assessor would then release the vacancy on the Vacancy Detail page. ** Housing Assessor should **NEVER** release a vacancy when status is "Pending Move-In". Move-in information must be entered PRIOR to release by Housing Assessor. If the household changes their mind, etc. management should "Withdraw Application" and Housing Assessor 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 completes 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. Housing Assessor 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 Housing Assessor reviews the vacancy.
2. **Housing Assessor** – Awaiting Vacancy Review
    a. Housing Assessor acknowledges they have received the vacancy (Complete Vacancy Review or Release Vacancy) **Housing Assessor should monitor this worklist throughout the day
    b. Once Housing Assessor completes vacancy review, status changes to "Open" and Management can no longer edit the vacancy. Housing Assessor should ask Management to resolve any obvious issues with the unit prior to completing this step.
    c. Housing Assessor now has the option to Add Referral
        i. Housing Assessor enters information about the referral, assigns priority, etc. Management unable to see name of referring agency entered and is not told how priority level is determined.
        ii. Targeting Referral Letter is uploaded by Housing Assessor.
        iii. Housing Assessor has the option to enter multiple referrals for same vacancy.
        iv. Housing Assessor can withdraw referral at any time, but this does not remove the requirement to hold unit for thirty (30) days.
    d. Housing Assessor immediately has the option to Release Vacancy. Unit status of released unit is "Released".
        i. If Vacancy is released, Housing Assessor provides reason for release. If Vacancy released is denied, no reason is required.
        ii. No vacancy should be released until targeting requirement is met unless DHHS determines no viable referrals available

        iii. Housing Assessor is no longer able to release a unit that has been 'reserved' for a referral.

3. **Management** receives Referral Notification in V&R system (red flag and email notification)
    a. Housing Assessor anticipates referral will contact/visit/apply within five (5) business days.
    b. Management provides Housing Assessor an update on referral no later than five (5) business days of referral receipt.
        i. If referral does not show up or contact property, Management Requests Follow Up from Housing Assessor via V&R system. This notifies Housing Assessor the referral has not made contact. Housing Assessor will reach out to referral agency for an update. **Management does not receive a reminder to do this and must continue to check V&R to ensure timely reporting to Housing Assessor. Property is required to continue to hold the unit for the original thirty (30) day period.
        ii. 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.
        iii. Management has the option to Approve, Deny, or Withdraw Application in V&R once application has been submitted and is being processed.
            1. Withdraw Application – Applicant/ Housing Assessor has notified site they wish to withdraw application. Site enters this in V&R and Housing Assessor receives Awaiting Withdrawal Review and either "closes" or "revives" the application.
            2. 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. Housing Assessor can notify management, via V&R system, of intent to appeal if applicable. Housing Assessor 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.
            3. Housing Assessor receives Awaiting Application Denial Review. Housing Assessor reaches out to referral agency and determines if appeal/reasonable accommodation request will be requested. If so, Housing Assessor sends "appeal notice" to site via RCRS. Housing Assessor 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, Housing Assessor closes the referral and it is removed from the list.

4. When **management** receives Notice of Appeal or Reasonable Accommodation Request Housing Assessor, they wait to hear from applicant or their representative for actual basis of appeal.

Housing Assessor 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, Housing Assessor 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, Housing Assessor 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. Housing Assessor still has no action to take. Once the unit is reserved, unit status changes to "Reserved". Note: Housing Assessor 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 Housing Assessor 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 is 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. **Housing Assessor** 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.

# Appendix C — 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 NCDHHS 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, NCDHHS and NCHFA have instituted a number of measures to increase understanding of Fair Housing law as it applies to individuals with disabilities. In 2018, NCHFA and NCDHHS 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. NCDHHS also incorporates training on requesting reasonable accommodations and modification with its standard Targeting Program training for participating approved 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.

<u>Permanent Supportive Housing</u>

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 D — Housing 400 Initiative

**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 NCDHHS 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:

- NCDHHS-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.

<u>Low-Income Housing Tax Credit (Housing Credit) Program</u>

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.

<u>Supportive Housing Development Program (SHDP 400)</u>

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.

<u>Preservation Loan Program 400</u>

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 E-Targeting Program and the Transitions to Community Living (TCL)/Olmstead Act & Olmstead Settlement Agreement

**Olmstead Act**

Olmstead v. L.C., 527 U.S. 581 (1999), is a U.S. Supreme Court case that laid the groundwork for people with disabilities to live their lives as fully included members of the community. The case addressed the Americans with Disabilities Act's (ADA) "integration mandate." The integration mandate requires that all public entities, including the State of North Carolina, "administer services, programs, and activities" for people with disabilities in the most integrated setting appropriate to the person's needs. "Most integrated setting" has been defined as one that enables people with disabilities to interact "to the fullest extent possible" with individuals who don't have a disability. Specifically, the case requires states to provide services in the community for eligible persons with a disability when (a) such services are appropriate; (b) the affected persons do not oppose community-based treatment; and (c) community-based services can be "reasonably accommodated." In Olmstead, the Supreme Court also urged states to develop a "comprehensive, effectively working plan" for transitioning people to the community.

**North Carolina Olmstead Plan**

The Olmstead Plan is a roadmap addressing the health and wellbeing of children and families, youth, adults, and elders with disabilities. The plan, focused on enabling and supporting individual choice, reflects the contributions of many and incorporates much of the work we have already done as a state to advance independence, integration, inclusion, and self-determination for those with disabilities. Going forward, through its outcomes, relevant data, and work plans, this strategically developed plan will shape policy, practices, and funding decisions. The North Carolina Department of Health and Human Services has established investing in behavioral health and resilience as a key priority. The cross-Departmental initiatives that make up the core of this work are aligned and intertwined with the Olmstead Plan. Supporting individuals in their community; ensuring people have the services and supports to thrive; and providing the right services at the right time in the right setting are consistent themes currently guiding the Department and guiding its work going forward, as reflected in the Olmstead Plan. Improvements to North Carolina's behavioral health system will directly and indirectly strengthen the well-being of all individuals with disabilities and families who are served by the public system. The Department has already achieved success by securing a historic $835 million investment in behavioral health in the 2023 state budget. This includes increases in behavioral health Medicaid rates for the first time in a decade; additional slots to the Innovations Waiver for people with intellectual and other developmental disabilities; and additional investments in the direct service workforce. Continuing to align all of these efforts with the Olmstead Plan will yield benefits for many North Carolinians across the state.

The Targeting Program supports the efforts of the NC Olmstead Plan through the provision of prioritization of eligible individuals on property management waitlists outlined below:

1. Individuals with serious mental illness and severe and persistent mental illness, that are in adult care facilities.
2. Elderly individuals with disabilities that are in Skilled Nursing Facilities that want to return home or live independently in integrated communities of choice.

3. Homeless individuals with disabilities.
4. People with disabilities that do not fit in numbers 1-3 above.

This prioritization is coordinated through partnership with the Local Management Entity/Managed Care Organizations (LME/MCOs). This partnership is the LME/MCO Targeting Program Partnership (LMTPP.)

For more information, please see the NC Olmstead Plan.