



To: Owners and Managers of Properties participating in the Targeting and Key programs
From: Paul Kimball, Manager of Policy and Rental Assets
Date: April 25, 2014
Subject: Update on changes to the Targeting and Key Programs (**revision to memo dated April 24, 2014**)

This is a revision to the memo dated April 24, 2014. Specifically the language explaining the Security Deposit is modified to make clearer who is eligible to have the deposit paid through Key.
Overall, this is an update to the memo dated February 20, 2014. Listed below is the status of the changes we proposed previously.

- 1. Raise the Program eligibility income limit to 50% of AMI; was implemented effective April 1, 2014.**
- 2. Increase the payment standard for all unit sizes; was implemented effective April 1, 2014.**

Unit Size	Current Payment Standard	New Payment Standard	Amount of Change
Efficiency	\$379	\$460	\$81
1 Bedroom	\$402	\$490	\$88
2 Bedroom	\$479	\$590	\$111
3 Bedroom	\$551	\$680	\$129
4 Bedroom	\$614	\$760	\$146

This is a significant increase intended to address the concerns about higher costs, including application processing. The Agency considered paying application fees on behalf of applicants but could not come up with a cost effective and efficient method. Management companies should consider waiving the application fees for Targeting applicants given the substantial increase in the payment standard.

- 3. Allow owners to increase the number of Targeting units to 20% of the total; was made effective April 1, 2014. Please direct your request to the DHHS Regional Housing Coordinator, or Martha Are at Martha.are@dhhs.nc.gov.**
- 4. Pay Targeting/Key program applicant security deposits; is effective May 1, 2014.**

Applicants with a Targeting referral letter who are applying for a unit with Key assistance are eligible to have the deposit paid through the Key program. The security deposit will be processed automatically when the tenant is set up in RCRS and Key assistance is requested. Please instruct on-site staff to not request a security deposit directly from the Targeting/Key applicant. The DHHS referral letter will include a supplemental page authorizing the Program to pay the deposit. The deposit will be clearly identified on the payment request created in RCRS. The security deposit will revert to the tenant upon move out and settlement of the security deposit disposition.

Note on Security Deposits – This is a reminder that NCHFA will deposit the funds requisition (rent and security deposits) in the account specified by the owner/management agent. The owner/management agent is responsible for transferring the security deposits into the appropriate trust account to comply with North Carolina Real Estate Trust Account law.

The following are program changes intended to help share the risk of an unsuccessful tenancy. The objective is to encourage owners and agents to be more flexible when screening Targeting program applicants and/or considering a request for reasonable accommodation.

5. Reimbursement of unpaid damages; is effective May 1, 2014.

Reimburse the documented damages minus the paid security deposit at a rate of 75% of claim total, not to exceed \$2,500. NCHFA has developed a process that will generally follow HUD's Special Claims Processing Guide.

6. Reimbursement of unpaid tenant portion of rent; is effective May 1, 2014.

After tenant move out, reimbursement of any uncollected tenant portion of rent during the period of occupancy, minus the paid security deposit, not to exceed 3 months of the tenant portion of rent.

7. Vacancy due to tenant abandonment of unit; is effective May 1, 2014.

Reimburse the full Key payment standard for the rent obligation during the remaining lease period after tenant abandonment, or until the unit is re-rented, whichever is sooner, not to exceed 2 months' rent, minus the paid security deposit.

Note on Special Claims – NCHFA will allow one claim per unit/tenant for any combination of the items listed in 5 – 7. Owners should wait until the unit is reoccupied before filing the claim in order to ensure that all eligible costs are identified. The cost must have already been incurred to be eligible. There will be a tab on the property menu in RCRS titled "Special Claims" and a worksheet that will be downloaded from RCRS and completed. The worksheet and all supporting documentation must be uploaded into RCRS in order for the claim to be processed.

The Agency is still working on the implementation procedures for **extended vacancy at unit turnover**. There are circumstances where an applicant is identified but cannot complete an application in the 30 day window after a vacancy. The Key Program would pay a fee of \$250 to the property for an additional 30 days, if DHHS asks and the owner/agent agrees to hold the unit for that additional period of time.

Please contact Susan Westbrook at swestbrook@nchfa.com or 919-877-5647 with any questions.