



To: Owners and Managers of Properties participating in the Targeting and Key programs

From: Paul Kimball, Manager of Policy and Rental Assets

Date: February 20, 2014

Subject: Proposed changes to the Targeting and Key Programs

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In response to stakeholder feedback we have received, including both the Roundtable held after the Housing Forum and DHHS' recent electronic survey, NCHFA and DHHS have identified several changes to the Targeting and Key Programs that we intend to implement.

A. Robert Kucab  
Executive Director

In addition to responding to this input, our goal is to make adjustments that will increase program access and utilization by eligible households.

Some of the common concerns heard from Management Agents include:

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- more referrals needed when vacancies occur
- improved prescreening of applicants by referral agencies needed
- Local Lead Agencies/ referral agencies sometimes unresponsive once applicant living at the property
- difficult Reasonable Accommodation requests
- application processing of Program Applicants takes more time than other applicants

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Some of the concerns we heard from Referral Agencies and other advocacy stakeholders included:

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- the program income limit excludes otherwise program eligible persons in need of housing
- some properties fully utilize their Targeting units and have asked for additional referrals
- application fees and security deposits are barriers for many clients to access housing
- obtaining access to the program can be problematic for some otherwise eligible applicants because of lack of a connection to an approved referral agency
- some properties screening criteria is unreasonable given that a voucher will cover the majority of rent

We will continue to review all the comments received and work to identify additional possible solutions. In the meantime, below is a list of program changes that we intend to implement. We are interested in feedback from stakeholders before finalizing:

- **Raise the Program eligibility income limit to 50% of AMI.**  
This should make the program available to additional eligible applicants resulting in greater program utilization.
- **Increase the payment standard for all unit sizes**

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. While we considered paying application fees on behalf of program applicants, we couldn't come up with a cost effective and efficient way to do so. Therefore, we ask the management companies to consider waiving the fees for Targeting applicants given the substantial increase in the payment standard.

- **Allow property owners to request to increase the number of Targeting units up to 20% of the total units in the property.**

This will provide access to additional units in some markets.

- **Pay program applicant security deposits**

Key program will pay all security deposits through RCRS for program participants at the Key payment standard, eliminating a barrier to housing for the target population.

- **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 period of time.

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

- **Reimbursement of unpaid damages**

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

- **Reimbursement of unpaid tenant portion of rent**

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.

- **Vacancy due to tenant abandonment of unit**

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.

The proposed program changes above are changes that are being coordinated by NCHFA. Some will require updating of RCRS before they can be implemented. Additionally, DHHS is evaluating the stakeholder feedback to identify program adjustments they can make, including the following:

- DHHS has already made changes to send multiple referrals when there are vacancies, if possible.
- Pre-screening is an area still under study to identify possible improvements.
- Unresponsiveness of LLA/referral agencies is an area where several ideas are under consideration.
- Additional referral options to increase program access are being piloted.
- NCHFA and DHHS are exploring the development of additional guidance on tenant selection criteria and reasonable accommodation requests.

We appreciate the feedback and suggestions that we have received so far and are continuing to work hard to identify program improvements. Your comments and feedback to the proposed changes above are welcome. Please email them to me at [pkimball@nchfa.com](mailto:pkimball@nchfa.com). As we finalize the changes, we will notify owners and agents of the effective implementation dates.