

Targeting Unit Agreement

Part I: Property and Contact Information

Property Description	
Name of Property	
Property Street Address	
Property City	
Property County	
Property Zip Code	
Construction Type	
Funding Allocation Year	
Estimated Pre-lease Date	
Estimated Month/Year of First Certificate of Occupancy	

General Unit Summary					
Total units	Efficiencies	1 BR Units	2 BR Units	3 BR Units	4 BR Units

Targeted Unit and Affordability Summary					
Required Targeted Units	Voluntary Targeted Units	Total Targeted Units	Key Units	Other Rent-Assisted Units	Source of Other Assistance

Contact Information	
Property Ownership Entity Name	
Mailing Address	
Primary Property Owner Contact	
Primary Property Owner Contact Title	
Phone #	
Email Address	
Property Management Company Name	
Mailing Address	
Primary Senior Contact	
Primary Senior Contact Title	
Phone #	
Email Address	

Part II: Targeting Program Participation Agreement

The Property Owner identified in Part I of this Agreement hereby agrees to comply, or require its Property Management Company to comply, with the below terms and conditions of the Targeting Program. These terms and conditions apply to all Required Targeted Units and Voluntary Targeted Units as defined below. If the Property Owner replaces the Property Management Company listed in Part I of this Agreement, the Property Owner will provide the North Carolina Housing Finance Agency (the Agency) written notice and shall require the new Property Management Company to comply with this Agreement.

Targeting Program Definitions

Key Rental Assistance is state-funded rental assistance that can be used for Key-eligible households leasing Targeted Units only and is governed by a Key Rental Assistance Owner Agreement to Participate. Key Rental Assistance is a project-based rent subsidy co-administered by the Agency and the NC Department of Health and Human Services (DHHS).

Key Rental Assistance Owner Agreement to Participate (OAP) is an agreement for the Property Owner to accept Key Rental Assistance for households residing in Targeted Units, if no other subsidy is available. The OAP details the terms of the Key Rental Assistance and must be executed by the Property Owner.

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

Required Targeted Units are as established in the Qualified Allocation Plan (QAP) for the year in which the property received an allocation of Low-Income Housing Tax Credits (LIHTC), if applicable, or as may otherwise be required under other applicable Agency 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 the Agency.

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

Vacancy and Referral System (V&R System) is an online Agency system used by designated DHHS staff, and Property Owners and Property Management Companies to communicate vacancy and referral information.

Voluntary Targeted Units are units in excess of the Required Targeted Units. Voluntary Targeted Units not occupied by a Program Qualified Tenant may be withdrawn from program participation provided the Property Owner serves the Agency with 90 days written notice. Upon acknowledgement from the Agency that notice has been received from the Property Owner, DHHS will cease sending new referrals to the Property Management Company (unless the Required Targeted Unit obligation is not met). The Property Management Company is required to continue processing applications for and leasing units to all eligible applicants, referred prior to Agency acknowledgement of Voluntary Targeted Unit withdrawal notice, for a period up to 90 days after the acknowledgement date. Voluntary Targeted Units occupied by a Program Qualified Tenant can be withdrawn from the program once the tenant vacates the unit. Program Qualified Tenants may only be evicted for repeated lease or house rule violations or other good cause. In addition, Program Qualified Tenants cannot be evicted or their leases not renewed for the purpose of facilitating withdrawal of the Voluntary Targeted Unit from the Targeting Program.

Targeting Program Participation Requirements

Property Owners and Property Management Companies of properties participating in the Targeting Program must comply with the following for all Required Targeted Units and Voluntary Targeted Units:

1. **Compliance with Program Guidelines and/or Manual**– Property Owners are required to comply with the most recent version of the applicable program guidelines and/or manual and any published updates. Policies and procedures in the *Targeting Program Manual for Low-Income Housing Tax Credit Program and Preservation Loan Manual* posted on the Agency's website may be modified, supplemented or amended from time to time by the Agency and DHHS. Modifications, supplements and additions to the manual shall become effective no earlier than

thirty (30) days after the date of issuance, or as noticed in the modification, supplement or amendment, and may be disseminated by mail, email, or another web-based format including posting to the Agency's website. All provisions of the manual are hereby incorporated into this Agreement by reference and are considered a material part of this Agreement. Property Owners receiving Key Rental Assistance for some or all of their Targeted Units are also subject to the terms and conditions of the Key OAP.

2. **Determining Program Eligibility** – Individuals must meet the applicable definition of Program Qualified Tenant as described in program definitions. The Property Management Company will rely on the DHHS-approved letter of referral or form provided by DHHS or their designee to establish **program eligibility**. The Property Owner and Property Management Company are responsible to determine that the applicant meets the **income eligibility** requirements for the Targeting Program, and the **additional eligibility requirements** of the other programs in which the property is subject to regulation and are responsible to collect the documentation needed to establish and prove that eligibility.
3. **Confidentiality** – The fact that the individual has a disability will not be disclosed beyond the issuance of the referral letter or form, by DHHS, stating that the person is Targeting Program eligible. The nature of the individual's disability may only be disclosed by the individual and should not be needed by the Property Owner or Property Management Company. Reasonable accommodations can be requested without disclosing the nature of the individual's disability. Property Owner and Property Management Company staff must not disclose a Program Qualified Tenant's participation in the Targeting Program to anyone, including other tenants. Strict confidentiality must be practiced and adhered to; failure to do so shall be deemed a breach of this Agreement.
4. **Supportive Services** – The Property Owner or Property Management Company may not require tenants to participate in supportive services as a condition of tenancy.
5. **Training of Property Management Staff** – The Property Owner or Property Management Company shall:
 - a. Educate initial and all subsequent on-site management staff and all other company staff responsible for operations, on regulatory compliance for the Targeting Program, Key Rental Assistance if applicable, and all other applicable funding sources prior to, or immediately upon, their assumption of duties.
 - b. Ensure staff have access to the most current policies and procedures.
 - c. Ensure staff processing applications for housing and making tenancy decisions related to the program units receive annual training in program guidelines and procedures as issued in writing by the Agency (*Targeting Program Manual for Low-Income Housing Tax Credit Program and Preservation Loan Program*) and by attending Targeting Program, Key Rental Assistance and Fair Housing training offered by the Agency and DHHS.
6. **Cooperation** – The Property Owner and Property Management Company will establish a positive and cooperative working relationship with the Agency and DHHS staff involved with the Targeting Program to maximize successful access to program units and successful tenancies.
7. **Access to Program Units** – The Property Owner and Property Management Company will develop and implement policies and procedures to reduce barriers and promote access to and use of program units for individuals referred by DHHS.
8. **Online Reporting Systems** – The Property Management Company and DHHS must use the following online systems, administered by the Agency, for properties participating in the Targeting Program for the purposes described.
 - a. Rental Compliance Reporting System (RCRS)
 - The Property Management Company enters household information related to unit events within 30 days of the event for periodic review and approval by Agency compliance staff, to document program compliance related to use of units by Program Qualified Tenants.
 - The Property Management Company requests Key Rental Assistance payment, if applicable, within 30 days of the move-in date and monthly thereafter.
 - b. Vacancy and Referral System (V&R System)
 - The Property Management Company enters information for every vacancy at the property.
 - DHHS matches individuals' needs and preferences to characteristics of the available unit and refers individuals to initiate and facilitate the unit selection and leasing process.

- DHHS enters basic individual and household information to make the Property Management Company aware of the individual/households' needs and preferences.
 - The Property Management Company enters updates to make DHHS aware of the applicant's contact with them until the applicant has completed application for housing or that DHHS should refer another applicant for the available unit.
 - The Property Management Company enters updates to make DHHS aware of the housing application decision. If the Property Management Company denies the application, the Property Management Company enters a reason for denial, uploads a copy of the denial letter provided to the applicant and gives the applicant 8 days to request a reasonable accommodation during which time the unit is held. **The 8 days start from the time the letter of denial was uploaded.** DHHS enters an update to indicate if the applicant intends to appeal the decision or request reasonable accommodation. The Property Management Company enters updates until the housing application is concluded by confirming tenant move in or by documenting why the applicant is not approved or is not proceeding with leasing.
 - Once the Property Management Company enters a vacant unit, should there be no viable referral, or the agreed set-aside is filled, DHHS will release the unit upon request by the Property Management Company in accordance with the program guidelines.
 - DHHS and the Agency 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.
9. **Vacancy Reporting** – The Property Owner and Property Management Company will ensure that every vacancy is reported in the V&R System regardless of the total number of program units leased by Program Qualified Tenants. Vacancies must be reported as soon as the pending vacancy or vacancy becomes known to the Property Management Company. DHHS will send referrals or release units based on the established number of units set-aside for the property.
10. **Rental Requirement** – All units in the property will be rented or available for rent in good condition (must meet HUD HQS or UPCS standards, as applicable) on a continuous basis throughout the compliance period, to members of the public. The Property Owner or Property Management Company will not give preference to any particular class or group, except as stipulated in the Agency-approved property Tenant Selection Plan (TSP) and to the extent that set-aside Targeted Units must be leased to Program Qualified Tenants, as defined herein. No more than 20% of units (rounded up to reflect whole units) are set aside by deed restriction for individuals with a disabling condition. These units will house Program Qualified Tenants referred by DHHS.
11. **Applicant Choice** – Targeted Units are required to float (must not be limited to pre-selected units) to ensure individuals have a choice of which eligible unit to occupy and 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 will not be segregated within the property or in any way be distinguishable from non-Targeted Units, and the size and mix of Targeted Units will depend on the needs of the Program Qualified Tenants, and unit availability.
12. **Construction Completion Notification** – If the property is under construction and not yet placed in service at the time this Agreement is executed, the Property Owner or Property Management Company will notify the Agency and DHHS staff at least 120 days prior to anticipated availability of units for occupancy in order to coordinate bedroom referral of and application processing for program applicants.
13. **90-Day Period Following Certificate of Occupancy (CO)** – For a minimum period of 90 days subsequent to the date of CO, the Property Owner and Property Management Company must hold an adequate number of units to meet the Targeting Program unit obligations.
- a. The Property Owner and Property Management Company may only rent program units to Program Qualified Tenants referred through the V&R System during the 90-day period, unless this requirement is waived or modified by the Agency and DHHS in writing.
 - b. The Property Owner and Property Management Company must hold primarily one-bedroom units with and without a mix of accessibility features scattered throughout the property as much as feasible, or two-bedroom units with and without a mix of accessibility features if the property was built without one-bedroom units.

- c. The Property Owner and Property Management Company should enter units in the V&R System approximately 90 days before the estimated date of CO based on criteria specified in 13.b. The number of units entered should equal the number of Targeted Units in the Targeting Unit Agreement. Exact unit numbers should not be entered until applicants agree to lease a specific unit.
 - d. DHHS will begin sending referrals approximately 45 days before the estimated date of CO. The Property Management Company should contact DHHS if no referrals have been made by this time.
14. **30-Day Period Following Unit Turn-over** – Once a unit has been occupied by an LIHTC-eligible household for the first time, as unit turn-over occurs the Property Management Company enters the vacancy in the V&R System and one of the following will occur:
- a. If the Targeting Program set-aside has been met, DHHS will release the vacancy.
 - b. If the Targeting Program set-aside has not been met, the unit shall be held for a Targeting Program applicant 30 days from the vacancy notification date in the V&R System. Property Management must enter pending vacancies at the time they learn of the pending vacancy.
 - c. The unit will be released no more than 30 days from date of notification of pending vacancy or vacancy, if there is no viable referral unless an additional hold period has been agreed to by both parties.
 - d. The unit may be released prior to the completion of the 30-day period, if requested by the Property Management Company and agreed to by DHHS.
15. **Hold Fees** – Hold fees are payments to cover the period after a viable applicant is identified but additional time is needed to complete the application process or for the applicant to occupy the unit. 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 when the application was initiated before the end of the 30-day period.
16. **Fair Housing** – The Property Owner and the Property Management must comply with all applicable Fair Housing laws regarding their policies and procedures and operation of the property. Applicable Fair Housing laws are determined based on funding sources.
17. **Tenant Selection Plan (TSP)** – The Property Owner creates a TSP and the Agency approves the plan, and the property must implement and adhere to the plan until such a time as is modified/updated with agency approval. All properties must have an Agency-approved TSP that is no more restrictive than the Agency's most current version of the *Fair Housing and Tenant Selection Plan Policy for Properties Monitored by the North Carolina Housing Finance Agency* located on the Agency's website. Properties must update the TSP from time to time based on Agency updates to the Policy. The Property Management Company must post a clear and visible copy of the TSP for applicants and the Property Management Company must provide a copy of the TSP to applicants upon request.
18. **Requests for Reasonable Accommodation** – Individuals with a disability may request a reasonable accommodation at any time for any reason, if there is a connection between the individual's disability and the requested accommodation. If a Property Management Company denies housing to an applicant, the company must promptly notify the applicant in writing of the reason for denial and the applicant's right to request a reasonable accommodation in accordance with federal and state Fair Housing law and simultaneously notify DHHS of the denial and reason thereof using the V&R System.

The Property Owner and Property Management Company must allow a minimum period of 8 business days for the applicant to prepare and submit a request for reasonable accommodation. The Property Owner and Property Management Company must expeditiously review requests for reasonable accommodation and render decisions as quickly as possible. The Property Owner or Property Management Company must promptly notify the applicant in writing of the outcome of the reasonable accommodation request and the Property Management Company must promptly notify DHHS of the same through the V&R System. DHHS will either release the unit for re-rental or notify the Property Management Company that the applicant is asking for reconsideration. The Property Owner and Property Management Company must hold the unit for the applicant until the request is resolved.

19. **Ongoing Communication** – The Property Owner or Property Management Company shall communicate tenancy issues or concerns about Program Qualified Tenants to DHHS staff promptly to keep DHHS aware of tenancy issues and other concerns. Communication shall be provided to DHHS staff regardless of whether the issue or concern

requires written notice of lease or house rules violation to the tenant to provide opportunity for intervention and tenancy preservation.

The Property Owner and Property Management Company shall notify DHHS and Agency staff by email of the names and contact information of Property Management Company staff working with the Targeting Program at the property as staff turn-over occurs and make timely updates in RCRS.

20. **Monthly Surveys** – The Property Owner or the Property Management Company must participate in monthly Socialserve telephonic surveys regarding program operations and tenancy issues. Participation in the survey does not negate the Property Management Company’s obligation to report tenancy issues directly to DHHS staff promptly when they occur.
21. **Termination or Nonrenewal of Lease** – The Property Owner and Property Management Company must comply with all applicable housing program requirements related to tenancy termination, North Carolina law, federal Fair Housing law, the *Fair Housing and Tenant Selection Policy for Properties Monitored by the North Carolina Housing Finance Agency*, and the Agency’s mandatory LIHTC Lease Addendum, in the event of termination or nonrenewal of lease. The Property Management Company may not terminate the tenancy or refuse to renew the lease or rental agreement of a Program Qualified Tenant except for good cause, including serious or repeated violations of the material terms and conditions of the lease or house rules, or a violation of applicable federal, state or local law. Termination of rental assistance does not constitute a breach of the lease.

To terminate the tenancy or refuse to renew the lease, the Property Management Company must take the following actions in a manner consistent with the requirements stipulated in the mandatory LIHTC Lease Addendum:

- a. At the time the Property Management Company issues **any** notice of lease or house rules violation to the tenant, the Property Management Company must contact DHHS staff to report the tenancy issue.
 - b. For minor lease or house rules violations, not related to health, safety, criminal activity, or program eligibility:
 - The Property Management Company must first provide the tenant with written notice of the lease or house rules violation and provide the tenant with a reasonable period of at least 10 days to cure.
 - If the tenant fails to cure the violation, the Property Management Company must provide a second written notice to the tenant of the violation with sufficient specificity to enable the tenant to prepare a defense. The notice must be served at least twenty days before the date of termination of tenancy and must comply with all requirements of North Carolina law and other applicable programs. The tenant has the right to enforce this requirement in state court, including presenting a defense to any eviction action brought by landlord.
 - The Property Management Company must allow the tenant to present written or oral objections to a person other than the person (or subordinate of such person) who made or approved the termination or nonrenewal decision.
 - c. When serious lease or house rules violations occur related to nonpayment of rent, health, safety, criminal activity, actions by the tenant creating a hostile environment, damage to property, or program eligibility caused by tenant misrepresentation, the landlord is not required to provide a reasonable period to cure, or an additional notice period, beyond what is required in Chapter 42 of the General Statutes of North Carolina.
22. **Risk Mitigation Tools** – To reduce inherent Property Owner risk associated with renting units to tenants, the Targeting Program includes risk mitigation tools for units rented by Program Qualified Tenants, allowing payments for the following:
 - security deposits
 - reimbursement of unpaid damages after tenant move out
 - reimbursement of unpaid tenant portion of rent and late fees
 - reimbursement for vacancy due to tenant abandonment of unit
 - reimbursement for successful eviction costs.

For more information on risk mitigation tools related to eligible uses, calculations and caps see *Risk Mitigation Tools for Landlords, Owners and Management Agents* on the Agency’s website.

23. **Removal of Property Management Company** – The Property Owner is responsible for ensuring the Property Management Company understands and agrees to abide by Targeting Program policies and procedures and Tenant Selection Requirements. In the event the Property Management Company fails to comply with program policies and procedures or the TSP, the Agency shall provide written notice to the Property Owner and Property Management Company of the noncompliance and an opportunity to cure the noncompliance. Repeated failures of compliance and/or refusal to follow program policies and procedures and Tenant Selection Requirements shall be grounds for the Agency requiring the removal and replacement of the Property Management Company. The Property Owner must receive written approval from the Agency for any successor Property Management Company. The Agency may refuse to approve any Property Management Company that has previously had failures of compliance or is currently not in compliance with applicable program policies and procedures and Tenant Selection Requirements.
24. **Termination of Rental Assistance** – In the event the state-funded rental assistance to support program participants ends, and DHHS has not established a DHHS-approved transition plan, the Property Owner or Property Management Company shall provide a 90-day written notice to the tenant of the impending end of rental assistance. Once assistance ends:
- a. Property Owner shall accept only the tenant-paid portion of the rent as full satisfaction of the rent payment for the duration of the lease, or for a period of 90 days from the date of the written notice to the tenant, whichever is greater.
 - b. After the 90-day period or upon the expiration of the lease, whichever is greater, the tenant will be responsible for the entire amount of the rent that would otherwise be charged for the unit.
 - c. Loss of rental assistance may not be considered a breach of the lease, nor grounds for eviction.

See the OAP for additional requirements related to termination of Key Rental Assistance.

25. **Indemnification** – The Property Owner and Property Management Company will defend, indemnify and hold the Agency and its officers, directors, employees and agents, harmless from and against any claim, liability, loss, cost, or expense, whether direct or indirect, (including reasonable attorney's fees) arising out of or resulting from the Property Owner or Property Management Company's negligence, misconduct or omission in connection with the performance of the work under this Agreement or the violation of any federal or state law, regulation or ordinance related to the work performed under this Agreement including, but not limited to, those laws related to fair housing and privacy or confidentiality of information.
26. **Assignment** – The Property Owner has no power to transfer or otherwise assign any of the rights, obligations, or duties stipulated in this Agreement without the prior written consent of the Agency. The Agency may grant or deny its consent at its sole discretion.
27. **Survival** – The terms of this Agreement shall bind and inure to the respective successors and assigns of the parties. Whenever used herein, the singular number shall include the plural, and the plural shall include the singular.
28. **Rental Assistance Plan (For properties with rental assistance other than Key)** – The Property Owner or Property Management Company representative must identify the source of rental assistance available to make Targeted Units affordable to individuals with SSI-level income and insert a description below of how the rental assistance works, how Program Qualified Tenants will access the rental assistance and who (Property Owner, Property Management Company, or a local Public Housing Authority) makes the decision to award rental assistance to households at the property. If the rental assistance source has a waiting list requirement, do the regulations governing the rental assistance allow the Program Qualified Tenants to be offered a unit ahead of others on the rental assistance waitlist in order to comply with Targeting Program requirements? Please answer all questions in the space provide below.

Space to answer questions posed in #28, if applicable.

IN WITNESS WHEREOF, the parties have executed, or caused this Agreement to be executed by their duly authorized representatives, as of the date below written.

Property Ownership Entity

Name of Property Ownership Entity

Property Ownership Entity Representative

Signature

Date

Property Management Company

Name of Management Company

Property Management Company Representative

Signature

Date

North Carolina Housing Finance Agency

Paul E. Kimball, Director of Community Living Initiatives and Rental Assets
NCHFA Representative

Signature

Date