New Jersey Housing and Mortgage Finance Agency

Section 811 Project Rental Assistance Program Overview

What is the Section 811 Project Based Rental Assistance (Section 811 PRA) program?

In April 2015, the US Department of Housing and Urban Development (HUD) awarded the New Jersey Housing and Mortgage Finance Agency (NJHMFA) 206 Section 811 Project Rental Assistance (Section 811 PRA) subsidies to provide rental assistance for extremely low-income persons with disabilities and extremely low-income households with at least one person with a disability. The initial term of the Section 811 PRA is five years and with yearly subsequent renewals subject to appropriations.

The Section 811 PRA program was authorized under the Frank Melville Supportive Housing Investment Act of 2010.

The NJHMFA has designed the Sect. 811 PRA program to assist the State of New Jersey in fulfilling its Olmstead settlement obligations. NJHMFA, in partnership with representatives from the NJDHS Division of Mental Health & Addiction Services, Division of Developmental Disabilities & Division of Aging Services, will select individuals leaving developmental centers and state psychiatric hospitals as well as those who are at risk of institutionalization as the targeted populations. NJHMFA has also partnered with the New Jersey Division of Aging Services (DoAS) to serve individuals 18-61 who are leaving nursing home facilities.

What is the role of NJHMFA?

NJHMFA is the administrator of the Section 811 PRA program.

NJHMFA was created in 1967 for the purpose of increasing the supply of safe, decent and affordable multifamily rental as well as owner-occupied housing for New Jersey's low- and moderate-income residents.

NJHMFA's housing programs are designed to increase the opportunities for affordable housing available to families and the elderly, as well as individuals and families with special needs and to work with the for-profit and nonprofit sectors in meeting these needs, to assist in urban revitalization, and to develop innovative and flexible financing vehicles, which will be responsive to the changing needs of these populations.

What is the Role of DHS?

DHS will provide voluntary services and support to tenants in the Section 811 PRA units. DHS will work closely with NJHMFA to coordinate the timely referral of individuals and/or households to housing under the program.

How are the Section 811PRA Program Subsidies Used?

The Section 811 PRA subsidies are project-based and remain with the housing unit.

Eligible Project Types

Low Income Housing Tax Credit (LIHTC) and Fund for Restoration of Multifamily Housing (FRM) projects that opted in to Section 811 PRA:

Projects that were awarded 4% Low Income Housing Tax Credit (LIHTC) and Fund for the Restoration of Multifamily Housing (FRM) financing and opted to participate in the Section 811 PRA program. These projects will be determined eligible based on the LIHTC and FRM applications submitted to HMFA. If further information is required to complete this review, NJHMFA will contact the project sponsor.

Existing and New LIHTC Agency-Financed Multi-family Projects:

Projects that have not already opted in to the Section 811 PRA program as part of their LIHTC or FRM applications must complete the Section 811 PRA application and submit it to NJHMFA.
Subsidies may be placed with:

- 4% LIHTC and FRM projects;
- Existing LIHTC projects; LIHTC projects in future allocation cycles; and
- Bond-financed Agency multifamily projects.

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Ineligible Project Types

Projects that are designated for individuals 62 years and older and units that currently have project-based vouchers are excluded. Additionally, no more than 25 percent of the total units of a project can be set aside for Section 811 PRA payments. The units must also be dispersed throughout the property and not segregated to one area in the project. Additionally, projects must have more than five units.

Owner/Project Selection

NJHMFA and DHS will review all applications for participation in the Section 811 PRA program. Units will be selected in accordance with the criteria listed below:

One-Bedroom Section 811PRA Units	Points
Geographic locations reflecting preferences of target population	4
Accessibility of the units	3
Unit mix reflecting need of target population	3
Suitability of project site	2
Access to transportation, employment opportunities and other community integration opportunities	2
Amenities offered in the project	1

Two-Bedroom Section 811PRA Units	Points
Geographic locations reflecting preferences of target population	4
Accessibility of the units	3
Unit mix reflecting need of target population	3
Suitability of project site	2
Access to transportation within one-quarter mile walking distance, employment opportunities and other community integration opportunities	2
Amenities offered in the project	1

Note: Projects must have a minimum of 12 points in order to be considered eligible for Section 811 PRA subsidies.

Developers selected to participate in Section 811 PRA will be required to complete the following documents:

1. NJHMFA and Owner Agreement to enter into Section 811 PRA Contract (HUD-92240-PRA)
2. Section 811 PRA Rental Assistance Contract (HUD-92235-PRA) and,
3. Use Agreement (HUD-92238-PRA)

Application Terms

Applicants will be expected to meet requirements of the Section 811 PRA program and the HUD Cooperative Agreement. Applications will be processed on a rolling basis until all Section 811 PRA subsidies are committed.

Tenant Referral

The target population for Section 811 PRA subsidies are individuals with physical, psychiatric and/or developmental disabilities who seek to leave State psychiatric hospitals, developmental centers and nursing homes. Individuals with physical, psychiatric and/or developmental disabilities who are at risk of institutionalization in the above-named institutions due to a lack of supportive housing that meets their needs. In order to ensure the referrals of appropriate individuals to Section 811PRA participating projects, DHS will conduct outreach to individuals in state psychiatric hospitals and development centers, as well as to individuals identified as at risk of institutionalization by DHS and community-based service providers.

DHS will also provide information and education on the Section 811 PRA program and its eligibility requirements to staff at the New Jersey Division of Mental Health and Addiction Services (DMHAS) and the New Jersey Division of Developmental Disabilities (DDD), and at state psychiatric hospitals and developmental centers as well as community-based providers participating in the program. Tenants will be required by regulation to pay no more than 30% of their income toward rent.

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NJHMFA and DHS will also meet regularly to coordinate the timely referral of tenants to the program and to housing opportunities in projects participating the Section 811 PRA program. NJHMFA and DHS will review the current status of referrals, move-ins, and the development and maintenance of a waiting list of potential tenants should vacancies occur. NJHMFA will also problem-solve should a referral or move-in not occur within 45 days.

Selection and Admission of Eligible Tenants

Referrals: Owners will notify NJHMFA of available units, and NJHMFA will notify the DHS, which will refer tenant. If tenant selects unit, DHS will refer tenant to NJHMFA and forward completed tenant application package to NJHMFA. NJHMFA reviews and determines applicant's eligibility and forwards approved application to the owner who will determine eligibility with the owner's tenant selection plan. The owner will complete the tenant certification and recertification data (Form-HUD 50059) and transmit same electronically to NJHMFA. NJHMFA will enter the income data into HUD's Tenant Rental Assistance Certification System (TRACS). This data must be maintained and retained by the owner for three years. The owner is responsible for:

1. Verifying tenant's income and employment through the use of Enterprise Income Verifier (EIV), and annually recertify the income;
2. Verifying information related to Social Security numbers of perspective tenants;
3. Computation of the amount the Section 811 PRA payment for each eligible tenant;
4. Conducting criminal and background checks, if required by the owner;
5. Conduct an annual recertification of tenant's income; and
6. Submission of all tenant information electronically in compliance with TRACS standards.

All referrals as well as owner screening of tenants must comply with the grantee's Affirmative Fair Housing Marketing Plan (HUD-92243-PRA) and all HUD Fair Housing and Equal Opportunity requirements.

Tenant Selection: Owners will make good faith efforts to lease units to eligible tenants. Owners can only reject applicants for reasons permitted under the Rental Assistance Contract (RAC). If the owner determines that an applicant tenant is ineligible on the basis of income, failure to meet the disclosure and verification requirements, the owner must notify the tenant in writing with a copy to NJHMFA providing justification for the denial.

Form of Lease: Owners will use the HUD Model 811 PRA Lease form HUD-92236-PRA and required Addenda Lease Agreement for qualified tenants.

The term of the initial lease will not be less than one year. If the lease is for a term of more than one year, the lease must contain a provision permitting termination of the lease 30 days in advance upon a written notice. Any modification to the lease must be approved by NJHMFA and implemented in accordance with HUD requirements.

Waiting Lists: Existing projects with applicant waiting lists must update their tenant selection plans to include the Section 811 PRA target populations.

Unit Inspection: NJHMFA will conduct inspections of Section 811 PRA units to ensure that their physical integrity and compliance are consistent with HUD's Uniform Physical Conditions Standard (UPCS). The UPCS applies to all Section 811 PRA units. The project must comply with all applicable state, local laws, codes, ordinances and regulations.

After the initial unit inspection by NJHMFA, UPCS inspections must occur at a minimum every three years. The first UPCS inspection will be within three years of the signing of the Rental Assistance Contract (RAC) and can be aligned with the

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inspection schedule of other funding sources (LIHTC).

Following NJHMFA's unit inspection, the tenant will be provided with the opportunity to inspect the unit prior to move-in. The owner will keep a copy of NJHMFA's inspection report, and the report must be attached to the lease.

In addition to UPCS inspection, owners will conduct an annual inspection to determine if appliances and equipment in the unit are functioning properly or are in need of repair or replacement. In addition to the annual owner's inspection, the UPCS must be conducted by NJHMFA staff at least every three years, and at other such times as may be necessary.

Foreclosures and Transfers of Property: In the event of foreclosure or property transfers, the Section 811 PRA Rental Assistance Contract (RAC) will transfer to the new owner and rental assistance payments will continue.

The Term of the Section 811PRA

NJHMFA and the successful applicant owner will enter into a 30-year Use Agreement and a 20-year Rental Assistance Contract (RAC) for the funding awarded to the project. The term of the RAC shall be no less than 20 years subject to HUD appropriations. The term of the initial Section 811 PRA allocation is for a term of five years, with subsequent renewals subject to HUD appropriations. If Congress fails to appropriate funds adequate to meet the future financial needs of the Cooperative Agreement and the Cooperative Agreement is terminated, HUD will not require NJHMFA to enforce any Use Agreement on eligible multifamily properties covered under a RAC.

811 PRA Payments to Owner under the RAC Contract:

Payments are made monthly by the grantee upon proper requisition by owner.

- Payment amount is the contract rent minus the tenant's portion.
- NJHMFA transmits Form HUD 52670 to HUD through TRACS. TRACS is a voucher/payment system that will be used to process rental payments to owners, and NJHMFA receives a return message transmitted from TRACS.
- Based on the TRACS submission, HUD calculates the project's monthly rental subsidy and wires payments to NJHMFA through the HUD Electronic Line of Credit Control System (eLOCCS) for the benefit of the project.

Vacancies: Vacancy payments may be paid to owner in an amount not to exceed 80% of the contract rent for a period of up to 60 days. If a unit is vacant more than 60 consecutive days either during rent-up or after rent-up, the owner is not entitled to any payments.

Rent Increases: Upon request from the owner, NJHMFA will consider adjusting contract rents on the lease anniversary date. Contract rents may be adjusted upward or downward, as appropriate.

Rent adjustments by NJHMFA must be determined by methods outlined in the RAC Part 2 and need to choose one of the methods outlined in the RAC Part 2 for adjusting rent.

Support Services: Eligible tenant's participation in supportive services is voluntary and cannot be required as a condition of admission or occupancy. Tenants in the Section 811PRA units will receive voluntary services and supports from the provider of their choice in accordance with DHS regulations and policies.

Section 811 PRA Owner Compliance

The owner is responsible for all management functions including screening of eligible applicants referred by DHS. All referrals as well as owner screening must comply with the grantee's Affirmative Fair Housing Marketing Plan (HUD-92243-PRA) and all HUD Fair Housing and Equal Opportunity requirements. The purpose of the plan and requirements is to assure that eligible families in the same housing market areas have an equal opportunity to apply and be selected for

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an assisted unit regardless of their race, color, national origin, religion, sex, disability, or familial status. All projects must comply with New Jersey's anti-discrimination laws, along with the following items:

1. **Fair Housing and Civil Rights Laws:** Owners must comply with all applicable fair housing and civil rights requirements in 24 C.F.R 5.105 (a), including, but not limited to, the Fair Housing Act; Title VI of the Civil Rights; including Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Titles II and III of the American Disabilities Act, as applicable and Section 109 of the Housing and Community Development Act of 1974.
2. **Barrier Free/Accessibility Requirements:**

   Properties participating in Section 811 PRA must meet accessibility requirements of Section 504 of the Rehabilitation Act of 1973 and the American with Disabilities Act. Section 811 PRA-assisted units can consist of a mix of accessible units for those persons with physical disabilities and non-accessible units for those persons without physical disabilities.
3. **Davis-Bacon Labor Standards:** All laborers and mechanics employed by contractors and sub- contractors in the construction (including re- habilitation) of housing with 12 or more units assisted with Section 811 PRA shall be paid at rates not less than those prevailing wages in the locality in accordance with the Davis-Bacon Act (40 U.S.C. 3141et seq.).
4. **Phase I Environmental Report:** All projects that participate in Section 811 PRA program must have had a Phase I Environmental report complying with ASTM E 1527-05 and ASTM E 2600-10 requirements, prepared within a year and updated within six months, if required, of the date the property was acquired or the date of the last real estate transaction (construction, rehabilitation or refinancing).
5. **Lead Based Paint:** The Lead Safe Housing Rule (24cFR 35, subparts B, H, & R) applies to project based rental assistance of pre01978 housing for persons with disabilities when a child of less than 6 years of age resides or is expected to reside in such housing.

Please Note: The Section 811 PRA Guidelines and application forms may be amended from time to time as per HUD requirements.