TOWNSHIP OF LUMBERTON
BURLINGTON COUNTY, NEW JERSEY

Operating Manual
For the Administration of the

REHABILITATION/HOME IMPROVEMENT PROGRAM

In accordance with the
Uniform Housing Affordability Controls
N.J.A.C. 5:80 - 26.1 et seq.

Prepared: March 2, 2026

Prepared by:

CME ASSOCIATES

Introduction

This Rehabilitation Program Operating Manual, also referred to herein as this "Operating Manual" or this "Manual", has been prepared to assist in the administration of the Township of Lumberton's Rehabilitation Program, also referred to herein as the "Rehabilitation Program" or the "Program". It will serve as a guide to the Program's staff and applicants.

This Manual describes the basic content and operation of the Program, examines Program purposes, and provides the guidelines for implementing the Program. It has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations and/or procedures.

This Manual explains the steps in the rehabilitation process. It describes the eligibility requirements for participation in the Program, Program criteria, funding terms and conditions, cost estimating, contract payments, record keeping and overall Program administration. The following represents the procedures developed to offer an applicant the opportunity to apply to the Program.

A. Fair Housing and Equal Housing Opportunities



It is unlawful to discriminate against any person making application to participate in the Rehabilitation Program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at https://www.njoag.gov/about/divisions-and-offices/division-on-civil-rights-home/.

Fair Housing and Equal Housing Opportunities apply to both owner and tenant applications.

Section I. Eligible Participants

A. Categories of Participants

Both owner-occupied and renter-occupied housing units are eligible to receive funding for rehabilitation provided that the occupants of the units are determined to be very low-, low- or moderate-income households and that the units are determined to be substandard. Owners of rental properties do not have to be very low-, low- or moderate-income households. If a structure contains two or more units and an owner, who is not income eligible, occupies one unit funding may be provided for the rehabilitation of the rest of the units if income-eligible households occupy those units. Rents must be affordable to very low-, low- or moderate-income households.

B. Income Limits for Participation

Household income is defined as the combined annual income of all family members over 18 years of age including wages, Social Security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. Each unit's total household income must fall within the State's very low-, low- and moderate-income limits based on family size.

Regional income limits are determined annually by either the State of New Jersey or by the Affordable Housing Professionals of New Jersey's ("AHPNJ"). The Regional Income Limits for Region 5 (Burlington,

Camden, Gloucester) are applicable to the Township of Lumberton. Upon issuance of updated Regional Income Limits by New Jersey Housing and Mortgage Finance Agency (NJHMFA) or such other entity that has purview over the Regional Income Limits, the Administrative Agent shall utilize the most recent updated Regional Income Limits without the need for formal action by the Township of Lumberton.

C. Program Area

This is a municipal-wide Program. The rehabilitation property must be located in the Township of Lumberton.

D. Certification of Substandard Units

The purpose of the Program is to bring substandard housing up to code. Substandard units are those units requiring repair or replacement of at least one major system. A major system is any one of the following:

1. Roof
2. Plumbing (including wells)
3. Heating
4. Electrical
5. Sanitary plumbing (including septic systems)
6. Load bearing structural systems
7. Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors).

Code violations will be determined by an inspection conducted by a licensed inspector.

Section II. Available Benefits

A. Program Financing

Financing in the form of a forgivable loan in an amount up to $30,000.00 shall be made available for eligible rehabilitation work on residential units owned by eligible households. If a particular unit requires more than $30,000.00, the Town will review the application for consideration for approval or denial on a case by case basis. For funding amounts over $30,000.00 the applicant would need to demonstrate an urgent need based upon public or homeowner health and safety. Additional funding for lead paint assessment and control (limited to mitigation related to the scope of rehabilitation work items) is an eligible scope item that may exceed the $30,000.00 funding cap.

B. Owner-occupied Units

Eligible property owners may be eligible for an interest-free loan which will be due if the property is sold and/or title/occupancy changes between years 1 through 10 except for allowable conditions under loan repayment terms section below. Upon the completion of year ten (10) of the loan, the loan shall be forgiven and be considered a grant only if the unit and occupant have satisfied all of the terms of the loan agreement and all applicable requirements of the Rehabilitation Program.

If the owner decides to sell the property, transfer title, or if the owner should die before the terms of the lien expire, the owner, heirs, executors or legal representatives must repay the loan according to the schedule above upon a title change. If the transfer of title occurs before the ten (10) year period, 100% of the original loan will be due. Rental of house is allowable under certain conditions subject to approval by the Administrative Agent.

Exceptions to Loan Repayment Terms above during the lien period:

1. If the loan transfers due to inheritance of very low-, low- or moderate-income family member beneficiary who will take occupancy upon death of the Program mortgagee and assume the balance of the lien, or

2. If the house is sold at an affordable price pursuant to N.J.A.C. 5:97-9.3 to someone who can be qualified as income eligible, takes occupancy and agrees to assume the Program lien for the remaining duration of the lien period, or

3. If the house is sold at an affordable price pursuant to N.J.A.C. 5:97-9.3 to an investor who assumes the lien and also signs a deed restriction for the remaining duration of the lien period to rent the dwelling at the affordability controls restricted rental rate and according to the affirmative marketing requirements for re-rentals. When this occurs, the Town's Administrative Agent will be responsible for monitoring compliance over that unit.

C. Renter-occupied Units

Landlords of one- to four-unit buildings may be eligible for an interest free loan which will be due when title to the property is transferred. The landlords are required to provide at least 50% of the total construction costs needed for each unit to meet the New Jersey State Housing Code, N.J.A.C. 5:28 and each unit must meet the major system repair or replacement requirement. At the time the application is submitted, owners must submit proof of their ability to cover their share through bank statements, credit lines, etc. Title searches and property appraisals will be required to determine if there is sufficient equity in the property to cover to cost of the loan. The landlords will be expected to pay for the costs of the title searches and provide up to date property appraisals. In addition to the interest free, deferred payment loan, a ten-year deed restriction, attached to the mortgage and note, will be used to control the contract rent and ongoing tenant eligibility on rental units that receive assistance. The loan will be due upon transfer of title to the property; however, the deed restrictions shall remain in effect for ten years from the date the units are certified as standard. There are no monthly payments. The deed restriction will be recorded in the county deed book.

In situations where the non-income eligible owner(s) of eligible rental units occupies a unit in the structure to be rehabilitated, repairs to shared systems (i.e., roof, heating, foundations, etc.) will be prorated with the owner(s) receiving no financial assistance for the owner's share.

If a unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls of affordability, the deed restriction shall require the unit to be rented to a very low-, low- or moderate-income household at an affordable price and affirmatively marketed pursuant to the N.J.A.C. 5:97-9. Rents in rehabilitated units may increase annually based on the standards in N.J.A.C. 5:97-9.

D. Subordination

The Township of Lumberton may agree to subordination of a loan if the mortgage company supplies an appraisal showing that the new loan plus the balance on the old loan does not exceed 95% of the appraised value of the unit. In addition, the household must be recertified as very low-, low- or moderate-income.

Section III. Eligible Property Improvements

A. Eligible Improvements

Housing rehabilitation funds may be used only for repairs or system replacements necessary to bring a substandard unit into compliance with municipal health, safety and building codes, applicable code violations, as well as ancillary cosmetic work that is related to the necessary repairs.

At least one major system must be replaced or included in the repairs, which include one of the following:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Lead paint abatement
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may include, but not be limited to the following:

- Interior trim work
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatment
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for Program funding includes but is not limited to luxury improvements (improvements which are strictly cosmetic), additions, conversions (basement, garage, porch, attic, etc.), repairs to

structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools, and landscaping.

If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. Rehabilitation work performed by property owners shall not be funded under this Program.

C. Rehabilitation Standards

Upon rehabilitation, housing deficiencies shall be corrected and the unit shall comply with the New Jersey State Housing Code, N.J.A.C. 5:28. For construction projects that require the issuance of a construction permit pursuant to the Uniform Construction Code, the unit must also comply with the requirements of the Rehabilitation Subcode (N.J.A.C. 5:23-6). In these instances, the more restrictive requirements of the New Jersey State Housing Code or the Rehabilitation Subcode shall apply. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

D. Certification of Standard

All code deficiencies noted in the inspection report must be corrected, and rehabilitated units must be in compliance with the standards proscribed in Section III, Subsection C above upon issuance of a certificate of completion or occupancy. The licensed inspector must certify any structure repaired in whole or in part with rehabilitation funds to be free of any code violations.

E. Emergency Repairs

A situation relating to a safety and/or health hazard for the occupants would constitute an emergency. A municipal inspector will confirm the need for such work. In emergency cases, the formal solicitation process will not be followed. A minimum of three (3) estimates will be obtained when possible for the "emergency" work. However, eligibility, as stated in Section I, subsection B, must be determined prior to soliciting estimates. Application for additional non- emergency work may be made in accordance with the procedures outlined in this Operating Manual. The funding for the emergency work and any additional rehabilitation may not exceed the Program financing provisions in Section II, Subsection A.

Section IV. Overview of Administrative Procedures

A. Application/Interview

Property owners interested in participating in the housing rehabilitation Program may submit preliminary applications to the Program staff. Preliminary applications are available at the following locations:

Township of Lumberton Municipal Complex
35 Municipal Drive
Lumberton, New Jersey 08048
Phone: (609) 267-3217
Office Hours: Monday – Friday 8:00 am to 4:00 pm

Upon request, the Program staff will mail a preliminary application to an interested property owner. If after the Program staff reviews a preliminary application an owner-occupant appears to be income eligible, a final application will be provided to the homeowner. Upon receipt of the completed final application an interview will be scheduled with the applicant to discuss the final application and the repairs that are needed for the residence.

Applicants for rental rehabilitation funding must provide a list of tenants and the rents paid by each. The Program staff will contact the tenants to provide evidence of income eligibility of the occupants of the units.

Applications will be processed in the order they are received; however, if an application is delayed on the part of the homeowner or a third party, then the Administrative Agent may move onto subsequent applications for processing while the delay of the first application is in the process of being resolved. Applications subject to emergency situations may also be handled out of the order of receipt.

B. Income Eligibility and Program Certification

For the households seeking a determination of income eligibility, both owner-occupants and renter-occupants, all wage earners 18 years of age or older in the household must submit appropriate documentation to document the household income, as further described below.

Property owners of both owner-occupied and renter-occupied units must submit the following documentation:

- Copy of the deed to the property.
- Proof that property taxes and water and sewer bills are current.
- Proof of property insurance, including liability, fire and flood insurance where necessary.

The Administrative Agent will utilize current income limits and pricing limit calculators as approved by the court or appropriate State agency to determine income eligibility. These may include income limit and pricing limit calculators prepared by the Affordable Housing Professionals of New Jersey or other entity recognized by the State of New Jersey.

If, after review of the income documentation submitted by the applicant the applicant, or tenant in the case of rental units, is determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant or tenant may be determined ineligible if the combined income of the household members exceeds a moderate income level for that size household.

The Program staff will arrange for a title search or otherwise obtain adequate proof of clear title of all properties entering the Program. After the initial interview and the Program staff has substantiated that the occupant is income-eligible, and the title search is favorable, the Eligible Certification Form will be completed and signed.

Upon confirmation of income eligibility of the applicant or the applicant's tenants, the Program staff will send a letter, including the Eligible Certification Form, to the applicant certifying the applicant's and or tenant's eligibility. Eligibility will remain valid for six months. If the applicant has not signed a contract for rehabilitation within six months of the date of the letter of certifying eligibility, the applicant will be required to reapply for certification.

C. Housing Inspection/Substandard Certification

Once determined eligible, the Program staff will arrange for a qualified, licensed, housing/building code inspector to inspect the entire residential property. The licensed inspector will inspect the house, take photographs, and certify that at least one major system is substandard. All required repairs would be identified.

D. Ineligible Properties

If after review of the property documentation submitted and the inspection report and/or work write-up an applicant's property is determined to be ineligible, the Program staff will send a letter delineating the reasons for the determination of ineligibility. An applicant's property may be determined to be ineligible for any one of the following reasons:

- Title search is unfavorable.
- Property does not need sufficient repairs to meet eligibility requirements.
- Real estate taxes are in arrears.
- Proof of property insurance not submitted.
- Property is listed for sale.
- Property is in foreclosure.

The Township of Lumberton may disqualify properties requiring excessive repairs to meet municipal housing standards. The estimated or bid cost of repairs must exceed fifty percent (50%) of the estimated after-rehabilitation value of the property for the municipality to exclude the property.

In cases where total debt on the property will exceed the value of the property, such properties shall be reviewed and considered for approval or denial on a case-by-case basis.

If after review of the property documentation submitted and the inspection report and/or work write-up an applicant's property is determined to be eligible, the inspector will then certify that the dwelling is substandard by completing and signing the Certificate of Substandard Form and submitting this to the Program staff.

E. Cost Estimate

The Program staff will prepare or cause to be prepared a Work Write-up and Cost Estimate. This estimate will include a breakdown of each major work item by category as well as by location in the house. It will contain information as to the scope and specifics on the materials to be used. A Cost Estimate will be computed and included within the Program documentation. The Program staff will review the Preliminary Work Write-up with the property owner.

Only required repairs to units occupied by income eligible households will be funded through the Rehabilitation Program. If the property owner desires work not fundable through the Program, including work on the non-income qualified owner-occupied unit in a rental rehabilitation project, work on a non-eligible rental unit in a multi-unit building or improvements not covered by the Program, such work may be added to the work write-up if the property owner provides funds to be deposited in the municipality's Housing Trust Fund prior to the commencement of the rehabilitation of the property equivalent to one hundred ten percent (110%) of the estimated cost of the elective work. Such deposited funds not expended at the time of the issuance of a certificate of completion/occupancy will be returned to the property owner with accrued interest.

F. Contractor Bidding Negotiations

After the unit and the unit occupant have been certified as eligible, the Program staff will provide a list of approved, pre-qualified trade contractors for bidding. The property owner reviews this list and selects a minimum of three and a maximum of four contractors from whom to obtain bids. The Program staff will

then review these bids and relay a bid summary to the homeowner for review. The lowest responsible trade contractor shall then be selected. If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner shall pay the difference between the lowest bid price and the bid price of the selected contractor.

Property owners may seek proposals from non-Program participating contractors. However, the Town must pre-approve the contractor prior to submitting a bid.

G. Contract Signing/Pre-Construction Conference

Program staff will meet with the property owner to review all bids by the various trades. This review will include a Final Work Write-up and Cost Estimate. The Contractor Agreement will be prepared by the Program staff, as well as the Property Rehabilitation Agreement covering all the required terms and conditions.

The Program staff will then call a Pre-Construction Conference. Documents to be executed at the Pre-construction Conference include: Contractors Agreement(s), Right of Entry Document, a Restricted Covenant, Mortgage and Mortgage Note. The property owner, Program staff representative, and contractor will execute the appropriate documents and copies will be provided as appropriate. A Program staff member will outline project procedures to which property owner must adhere. A Proceed to Work Order, guaranteeing that the work will commence within fifteen (15) calendar days of the date of the conference and be totally completed within ninety (90) days from the start of work, will be issued to each contractor at this Conference.

H. Progress Inspections

The Program staff will make periodic inspections to monitor the progress of property improvements. This is necessary to ensure that the ongoing improvements are in accordance with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Building Inspector before closing up walls on plumbing and electrical improvements.

I. Change Orders

If it becomes apparent during the course of construction that additional repairs are necessary or the described repair needs to be amended, the Program staff will have the qualified professional(s) inspect the areas in need of repair and prepare a change order describing the work to be done; however, this shall only be done if it is clear that the circumstance was unforeseen. The applicant and the contractor will review the change order with the Program staff and agree on a price. Once all parties approve of the change order and agree on the price, they will sign documents amending the contract agreement to include the change order. Additionally, if the applicant is not funding the additional cost, new financing documents will be executed reflecting the increase.

J. Payment Schedule

The contract will permit three (3) progress payments if the project costs $20,000 or less, or four (4) progress payments if the project costs more than $20,000 For example: a $30,000.00 project has four (4) payments of $7,500.00 each. First payment is made when the project is one-quarter completed. Second payment is made when the project is one-half completed. Third at three quarters completed. Fourth and final payment upon completion.

The contractor will submit a payment request. The applicant will sign a payment approval if both the applicant and housing/building inspector are satisfied with the work performed. The municipality will then release the payment.

Final payment will be released once all final inspections are made, a Certificate of Occupancy is issued (if applicable) and the Program staff receives a Property Owner Sign-off letter.

K. Appeal Process

If an applicant does not approve a payment that the housing/building inspector has approved, the disputed payment will be appealed to the Town Council for a hearing. The Town Council will decide if the payment shall be released to the contractor or the contractor must complete additional work or correct work completed before the release of the payment. The Town Council's decision will be binding on both the applicant and the contractor.

L. Final Inspection

Upon notification by the contractor that all work is complete and where required a Certificate of Occupancy has been issued, a final inspection shall be conducted and photographs taken. The Program staff (or a representative), the property owner, and the necessary contractors shall be present at the final inspection to respond to any final punch list items.

M. Record Restricted Covenant and Mortgage Documentation

Program staff will file the executed Restricted Covenant and Mortgage with the County Clerk.

N. File Closing

After the final payment is made, the applicant's file will be closed by the Program staff.

Section V. Procedure for Income-Eligibility Certification

A. Complete a Household Eligibility Determination Form

The Program staff shall require each member of an applicant household who is 18 years of age or older to provide documentation to verify their income, pursuant to the Uniform Housing Affordability Controls at N.J.A.C. 5:80-16.1 et seq. (except for the asset test).[1] Income verification documentation should include, but is not limited to the following for each and every member of a household who is 18 years of age or older:

- Four current consecutive pay stubs, including both the check and the stub, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
- Copies of Federal and State income tax returns for each of the preceding three tax years - A Form 1040 Tax Summary for the past three tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.

[1] Asset Test – N.J.A.C. 5:80-26.16(b)3 which provides that if an applicant household owns a primary residence with no mortgage on the property valued at or above the regional asset limit as published annually, a certificate of eligibility shall be denied by the administrative agent, unless the applicant's existing monthly housing costs exceed 38 percent of the household's eligible monthly income.

- A letter or appropriate reporting form verifying monthly benefits such as:
    - o Social Security or SSI – Current award letter or computer print-out letter
    - o Unemployment – verification of Unemployment Benefits
    - o Welfare -TANF (Temporary Assistance for Needy Families) current award letter
    - o Disability - Worker's compensation letter, or
    - o Pension income (monthly or annually) – a pension letter
- A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court or education scholarship/stipends – current award letter.
- Current reports of savings and checking accounts (bank statements and passbooks) and income reports from banks or other financial institutions holding or managing trust funds, money market accounts, certificates of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates).
- Evidence or reports of income from directly held assets, such as real estate or businesses.
- Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.
- Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating Current Mortgage Balance. For rental property attach copies of all leases.

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household's income are listed under Income. Those that are not considered as part of the household's income are listed under Not Income.

Income

1. Wages, salaries, tips, commissions
2. Alimony
3. Regularly scheduled overtime
4. Pensions
5. Social security
6. Unemployment compensation (verify the remaining number of weeks they are eligible to receive)
7. TANF (Temporary Assistance for Needy Families)
8. Verified regular child support
9. Disability
10. Net income from business or real estate
11. Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
12. Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.

13. Rent from real estate is considered income
14. Any other forms of regular income reported to the Internal Revenue Service

Not Income

1. Rebates or credits received under low-income energy assistance Programs
2. Food stamps
3. Payments received for foster care
4. Relocation assistance benefits
5. Income of live-in attendants
6. Scholarships
7. Student loans
8. Personal property such as automobiles
9. Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
10. Part-time income of dependents enrolled as full-time students
11. Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months.

Student Income

Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking Program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour workweek.

Income from Real Estate

If real estate owned by an applicant for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, the Administrative Agent should determine the imputed interest from the value of the property. The Administrative Agent should deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

B. Records Documenting Household Composition and Circumstances

The following are various records for documenting household information:

- Social Security records or cards. Either individual Social Security card or letter from Social Security Administration
- Adoption papers, or legal documents showing adoption in process
- Income tax return
- Birth Certificate or Passport
- Alien Registration Card

Certify the income eligibility of very low-, low- and moderate-income households by completing the application form. Provide the household with the original and keep a copy in the project files.

C. Appeals

Appeals from all decisions of an Administrative Agent shall be made to the Superior Court, Essex County.

Section VI. Contractor Related Procedures

A. Contractor Selection

Contractors must apply to the Program staff to be placed on the pre-approved contractors list. Contractors seeking inclusion on the list must submit references from at least three recent general contracting jobs. Contractors also must submit documentation proving financial stability. Contractors must carry workmen's compensation coverage and liability insurance of at least $100,000/$300,000 for bodily injury or death and $50,000 for property damage. Only licensed tradesmen will be permitted to perform specialty work such as plumbing, heating and electrical. Copies of current licenses for each trade involved in the project will be required to be submitted and retained in the project file.

Contractors shall also be required to conduct lead safe work practices. Contractors shall provide a current Lead Renovators License with proof of Registration with the EPA.

B. Number of Proposals Required

The property owner will select a minimum of three general contractors from a list of pre- approved contractors. Property owners may not select contractors who do not appear on the list.[2] The approved work write-up will be submitted to the selected contractors by the Program staff. Contractors must visit the property and submit bids within fourteen (14) days. The contract will be awarded to the lowest bidder[3], provided that the housing/building inspector or the professional who drafted the work write-up certify that the work can be completed at the price bid and that the bid is reasonably close to the cost estimate. Bids must fall within ten percent (10%) of the cost estimate.

C. Contractor Requirements

Upon notification of selection, the contractor shall submit all required insurance certification to the Program staff. A contract signing conference will be called by the Program staff to be attended by the property owner and contractor. All building permits are required to be obtained prior to contract/agreement execution. At

[2] The Program may permit a property owner to seek proposals from non-Program participating contractors. However, the municipality must pre-approve the contractor prior to submitting a bid.

[3] If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner shall pay the difference between the lowest bid price and the bid price of the selected contractor.

the time of contract/agreement execution the contractor shall sign a Certification of Work Schedule prepared by the Program staff.

Section VII. Maintenance of Records and Client Files

A. Files To Be Maintained on Every Applicant

The Program staff will maintain files on every applicant. All files will contain a preliminary application. If an applicant's preliminary application is approved, and the applicant files a formal application, the file will contain at a minimum:

- Application Form
- Tenant Information Form (Rental Units Only)
- Income Verification
- Letter of Certification of Eligibility or Letter of Determination of Ineligibility

B. Files of applicants approved for the Program will also contain the following additional documentation:

- Housing Inspection Report
- Photographs - Before
- Certification of Property Eligibility or Determination of Ineligibility
- Proof of Homeowners Insurance
- Copy of Deed to Property

C. For properties determined eligible for the Program where the applicants choose to continue in the Program, the files shall contain the following:

- Work Write-Up/Cost Estimate
- Copies of Bids
- Applicant/Contractor Contract Agreement
- Recorded Mortgage/Lien Documents
- Copies of All Required Permits
- Contractor Requests for Progress Payments
- Progress Payment Inspection Reports
- Progress Payment Vouchers
- Change Orders (If needed)
- Final Inspection Report
- Photographs - After
- Certification of Completion
- Certification of Release of Contractor's Bond

Individual files will be maintained throughout the process.

D. Rehabilitation Log

A rehabilitation log will be maintained by the Program staff that depicts the status of all applications in progress.

E. Monitoring

For each unit the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Owner/Renter
- Income: Very Low/Low/Mod
- Final Inspection Date
- Funds expended on Hard Costs
- Development Fees expended
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (years)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

Section VIII. Program Marketing

The municipality will conduct a public meeting announcing the implementation of the housing rehabilitation Program. For the term of the Program, the municipality may include flyers once a year with the tax bills, water bills or other regular municipal mailing to all property owners. Program information will be available at the municipal building, library, and senior center and on the municipal website. Posters regarding the Program may be placed in retail businesses throughout the municipality.

Prior to commencement of the Program and periodically thereafter, the municipality will hold informational meetings on the Program to all interested contractors. Each contractor will have the opportunity to apply for inclusion of the municipal contractor list.

Section IX. Rental Procedures

Rental units are subject to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5- 80:26.1 et. seq. once the rental units are rehabilitated.

A. Fair Housing and Equal Housing Opportunities



It is unlawful to discriminate against any person making application to participate in the Rehabilitation Program or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at https://www.njoag.gov/about/divisions-and-offices/division-on-civil-rights-home.

B. Overview of the Affordable Housing Administration Process for Rental Units

- The Municipal Housing Liaison serves as an initial point of contact for unsolicited calls to the municipality about affordable housing and to appropriately direct applicants to the Administrative Agent.
- The Administrative Agent implements the Town's Affirmative Marketing Plan.
- The Administrative Agent serves as the initial point of contact for all inquiries generated by the affirmative marketing efforts and sends out pre-applications to interested callers.
- The Administrative Agent will accept these returned pre-applications for a specific period of time, for example, 30 days. At the end of this time period these applications will be randomly selected, through a lottery, to create a pool of applicants.
- The Administrative Agent pre-qualifies applicants in the applicant pool for income eligibility and sends either a rejection letter to those over income or a preliminary approval letter to those who appear income-eligible.
- When a unit becomes available, the Administrative Agent will interview the applicant households and proceed with the income qualification process.
- The Administrative Agent must notify applicant households in writing of certification or denial within 20 days of the determination.
- Once certified, households are further screened to match household size to bedroom size.
- Certified households that are approved for a rental affordable housing unit will sign all applicable documents, which shall be held in the applicant file. Applicants then make an appointment with the leasing agent. Applicant households seeking rental units proceed with a credit check, which is generally conducted by the developer, affordable housing sponsor or landlord. If approved, the applicant will sign the lease, pay the first month's rent and the security deposit and receive the keys.
- The certified household moves in to the affordable rental unit.

C. Roles and Responsibilities

Responsibilities of the Municipal Housing Liaison

The Municipal Housing Liaison is responsible for coordinating all the activities of the municipal government as it relates to the creation and administration of affordable housing units, in conjunction with the Municipal Attorney, where appropriate (see the section **Responsibilities of the Municipal Attorney**). The primary purpose of the Municipal Housing Liaison is to ensure that all affordable housing projects are established and administered according to the Regulations as outlined in an Operating Manual. The duties

of the Municipal Housing Liaison include the following duties, and may include the responsibilities for providing administrative services as described in the next Section under, Responsibilities of an Administrative Agent.

Monitor the status of all restricted units in the municipality's Fair Share Plan. Regardless of any arrangements the municipality may have with one or more Administrative Agents, it is the Municipal Housing Liaison's responsibility to know the status of all restricted units in the community.

Serve as the municipality's primary point of contact for all inquiries from the State, Administrative Agents, developers, affordable housing sponsors, owners, property managers, and interested households. The Municipal Housing Liaison serves as the municipality's primary point of contact on affordable housing issues. Interested applicants should be provided with information on the types of affordable units within the municipality and, where applicable, the name of the Administrative Agent that manages the units and the contact information for the Administrative Agent.

Compile, verify and submit annual reporting. Administrative Agents are responsible for collecting much of the data that is ultimately included in an annual DCA monitoring report. However, it is the Municipal Housing Liaison's responsibility to collect and verify this data and consolidate it into the annual report to DCA. Any requests from DCA for additional information or corrections will be directed to the Municipal Housing Liaison.

Provide Administrative Services, unless those services are contracted out. The responsibilities for providing administrative services are described in the next Section under, **Responsibilities of an Administrative Agent**.

Responsibilities of an Administrative Agent

The primary responsibility of an Administrative Agent is to establish and enforce affordability controls and ensure that units in their portfolio are rented to eligible households. Administrative Agents must:

Secure written acknowledgement from all owners that no restricted unit can be offered or in any other way committed to any person other than a household duly certified by the Administrative Agent.

Create and adhere to an Operating Manual. Administrative Agents are required to follow the policies and procedures of an Operating Manual, as applicable to the scope of services they have been contracted to perform.

Implement the municipality's Affirmative Marketing Plan. The Administrative Agent is responsible for implementing the Affirmative Marketing Plan adopted by the Town. At the first meeting with the Municipal Housing Liaison, Administrative Agent, and the developer, affordable housing sponsor or owner this responsibility should be discussed. Advertising costs may also be delegated to the developer, but this must be established by ordinance and a condition of approval of the Planning Board or Zoning Board.

Accept applications from interested households. In response to marketing initiatives or by referral from the Municipal Housing Liaison, interested households will contact the Administrative Agent. The Administrative Agent will supply applicants with applications, provide additional information on available units and accept completed applications.

Conduct random selection of applicants for rental of restricted units. The Administrative Agent is responsible for conducting the random selection in accordance with the Affirmative Marketing Plan and any related local ordinances, and as described in the Operating Manual.

Create and maintain a pool of applicant households. This includes reaching out to households in the applicant pool to determine continued interest and/or changes in household size and income.

Determine eligibility of households. The task of collecting application materials and documentation from applicant households and analyzing it for eligibility is the responsibility of an Administrative Agent. A written determination on a household's eligibility must be provided within twenty (20) days of the Agent's determination of eligibility or non-eligibility. Whether or not the household is determined to be eligible for a unit, it is an Administrative Agent's responsibility to secure all information provided by the household in individual files and to maintain strict confidentiality of all information regarding that household. An Administrative Agent is required to ensure that all certified applicants execute a certificate acknowledging the rights and requirements of renting an affordable unit, in the form of Appendix K of UHAC.

Establish and maintain effective communication with property managers and landlords. Property managers and landlords of restricted units should be instructed and regularly reminded that the Administrative Agent is their primary point of contact. The Administrative Agent must immediately inform all property managers and landlords of any changes to the Administrative Agent's contact information or business hours.

Property managers and landlords shall immediately contact the Administrative Agent:

- Upon learning that an affordable rental unit will be vacated.
- For review and approval of annual rental increases.

Provide annual notification of maximum rents. Each year when the Administrative Agent releases the updated calculations of very low-, low- and moderate-income limits and calculates permissible rent increases, landlords and tenants must be notified of the new maximum rent that may be charged for each unit. The Administrative Agent's contact information must be included on such notification in case the tenant believes he/she is being overcharged.

Serve as the custodian of all legal documents. An Administrative Agent is responsible for maintaining original of all legal instruments for the units in their portfolio. Throughout the duration of a control period, an Administrative Agent must maintain a file containing its affordability control documents. This includes, but is not limited to, the recorded Declarations of Covenants, Conditions and Restrictions, Deed Restrictions, Deeds, Repayment Mortgages, Repayment Mortgage Notes, Leases and Rental Certifications.

Serve as point of contact on all matters relating to affordability controls. It is recommended that the Administrative Agent develop a system to be notified by lenders when a unit is at risk of foreclosure. In the event of a foreclosure, the Administrative Agent should work with the foreclosing institution to ensure that the affordability controls are maintained. The Administrative Agent should seek the counsel of the municipality's attorney on legal matters that threaten the durability of the affordability controls.

Provide annual activity reports to Municipal Housing Liaison for use in annual monitoring and reporting of Trust Fund expenditures. An Administrative Agent is responsible for collecting the reporting data on each unit in their portfolio.

Maintain and distribute information on HUD-approved Housing Counseling Programs.

Responsibilities of the Municipal Attorney

The Municipal Attorney assists the municipality with developing, administrating, and enforcing affordability controls, including but not limited to providing all reasonable and necessary assistance in support of the Administrative Agent's efforts to ensure compliance with the housing affordability controls.

Responsibilities of Owners of Rental Units

Open and direct communication between the Owners of rental units, the Municipal Housing Liaison, and the Administrative Agent is essential to ongoing administration of affordability controls. Although the Administrative Agent is required to serve as the primary point of contact with households, the Owner must provide the Municipal Housing Liaison and Administrative Agent with information on vacancies. Owners of rental units are also responsible for working with the Administrative Agent to ensure that the Municipal Housing Liaison has all necessary information to complete the annual DCA reporting.

Responsibilities of Landlords and Property Managers

Landlords and property managers must place a notice in all rental properties annually informing tenants of the permitted rent increase for the year and the contact information for the Administrative Agent.

Affirmative Marketing

Overview of the Requirements of an Affirmative Marketing Plan

All affordable units are required to be affirmatively marketed using Township of Lumberton's Affirmative Marketing Plan. Township of Lumberton's Affirmative Marketing Plan can be found under separate cover on file at Town Hall or with the Administrative Agent.

Implementation of the Affirmative Marketing Plan

The affirmative marketing process for affordable units shall begin at least four months prior to expected occupancy date of a rehabilitated rental unit that is going to be re-rented. In implementing the marketing Program, the Administrative Agent shall undertake all of the strategies outlined in the Township of Lumberton's Affirmative Marketing Plan. Advertising and outreach shall take place during the first week of the marketing Program and each month thereafter until the unit has been re-rented. Applications for affordable housing shall be available in several locations in accordance with the Affirmative Marketing Plan. The time period when applications will be accepted will be posted with the applications. Applications shall be mailed to prospective applicants upon request. An applicant pool will be maintained by the Administrative Agent for re-rentals. When a re-rental affordable unit becomes available, applicants will be selected from the applicant pool and, if necessary, the unit will be affirmatively marketed as described above.

Initial Randomization

Applicants are selected at random before income-eligibility is determined, regardless of household size or desired number of bedrooms. The process is as follows:

After advertising is implemented, applications are accepted for up to 30 days. Applicants will be asked where they learned of the housing opportunity. The Administrative Agent will pre-qualify applicants as soon as applications are received, and only place preliminary income-eligible applications in the lottery, provided that applicants are notified in writing of eligibility and non- eligibility in advance of the lottery.

At the end of the period, sealed applications are selected one-by-one through a lottery (unless fewer applications are received than the number of available units, then all eligible households will be placed in a unit).

Households are informed of the date, time and location of the lottery and invited to attend.

An applicant pool is created by listing applicants in the order selected.

Applications are reviewed for income-eligibility. Ineligible households are informed that they are being removed from the applicant pool or given the opportunity to correct and/or update income and household information.

Eligible households are matched to available units based upon the number of bedrooms needed (and any other special requirements, such as the need for an accessible unit).

For future re-rentals the Administrative Agent may keep the applicant pool open after the initial lottery and add names to the existing list based on time and date of submission if additional affordable rental units are anticipated to become available within the next 4 months. This procedure may only be followed if the Administrative Agent engages in ongoing monthly affirmative marketing efforts according to the approved Affirmative Marketing Plan to ensure outreach to the housing region.

Randomization after Certification

Random selection is conducted when a unit is available, and only certified households seeking the type and bedroom size of the available unit are placed in the lottery. The process is as follows:

After advertising is implemented, applications are accepted for 30 days.

All applications are reviewed and households are either certified or informed of non-eligibility. (The certification is valid for 180 days, and may be renewed by updating income-verification information.)

Eligible households are placed in applicant pools based upon the number of bedrooms needed (and any other special requirements, such as the need for an accessible unit)

When a unit is available, only the certified households in need of that type of unit are selected for a lottery.

Households are informed of the date, time, and location of the lottery and invited to attend.

After the lottery is conducted, the first household selected is given *5 business* days to express interest or disinterest in the unit. (If the first household is not interested in the unit, this process continues until a certified household selects the unit.)

Applications are accepted on an ongoing basis if additional rental units are expected to become available within the next 4 months, certified households are added to the pool for the appropriate household income and size categories, and advertising and outreach is ongoing, according to the Affirmative Marketing Plan.

Matching Households To Available Units

In referring certified households to specific restricted units, to the extent feasible, and without causing an undue delay in occupying the unit, the Administrative Agent shall strive to implement the following policies:

- Provide an occupant for each unit bedroom;
- Provide children of different sex with separate bedrooms;
- Prevent more than two persons from occupying a single bedroom;
- Require that all the bedrooms be used as bedrooms; and
- Require that a couple requesting a two-bedroom unit provide a doctor's note justifying such request.

The Administrative Agent cannot require an applicant household to take an affordable unit with a greater number of bedrooms, as long as overcrowding is not a factor. A household can be eligible for more than one unit category, and should be placed in the applicant pool for all categories for which it is eligible.

Maximum Monthly Payments

The percentage of funds that a household can contribute toward housing expenses is limited. However, an applicant may qualify for an exception based on the household's current housing cost (see below). The Administrative Agent will strive to place an applicant in a unit with a monthly housing cost equal to or less than the applicant's current housing cost.

UHAC states that a certified household is not permitted to lease a restricted rental unit that would require more than 35 percent of the verified household income (40 percent for age-restricted units) to pay rent and utilities. However, at the discretion of the Administrative Agent, this limit may be exceeded if:

- The household currently pays more than 35 percent (40 percent for households eligible for age-restricted units) of its gross household income for rent and the proposed rent will reduce the household's housing costs;
- The household has consistently paid more than 35 percent (40 percent for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;
- The household is currently in substandard or overcrowded living conditions;
- The household documents the existence of assets, with which the household proposes to supplement the rent payments; or
- The household documents proposed third party assistance from an outside source such as a family member in a form acceptable to the Administrative Agent and the Owner of the unit; and
- The household receives budget counseling.

Housing Counseling

The Administrative Agent is responsible for or providing referrals for counseling, as a part of the Affirmative Marketing Plan and during the application process. Although housing counseling is recommended, a household is only required to attend counseling if their monthly housing expense exceeds UHAC standards. A HUD-approved housing counseling agency, or a counseling agency approved by the NJ Department of Banking and Insurance, meets UHAC's requirements for an experienced Housing Counseling Agency. The Agent will make referrals to one of the HUD-approved housing counseling agencies in New Jersey. This counseling to very low-, low- and moderate-income housing applicants will focus on subjects such as budgeting, credit issues, and mortgage qualification, and is free of charge. A list of non-profit counselors approved by HUD and/or the New Jersey Department of Banking and Insurance is included in the Affirmative Marketing Plan and is available from the Administrative Agent.

The Applicant Interview

Ideally, the prospective applicant will be available to meet with the Administrative Agent to review the certification and random selection processes in detail and ask any questions they may have about the project or the process. However, scheduling time off from work may prove burdensome to the applicant. Applicants may also have mobility issues or special needs that also pose an obstacle to an interview. Therefore, the Administrative Agent is prepared to complete the certification process via telephone and mail. If an interview is to be conducted, the Administrative Agent will attempt to achieve the following objectives:

- Confirm and update all information provided on the application.
- Explain Program requirements, procedures used to verify information, and penalties for providing false information. Ask the head of household, co-head, spouse and household members over age 18 to sign the Authorization for Release of Information forms and other verification requests.
- Review the applicant's identification and financial information and documentation, ask any questions to clarify information on the application, and obtain any additional information needed to verify the household's income.
- Make sure the applicant has reported all sources for earned and benefit income and assets (including assets disposed of for less than fair market value in the past two years). Require the applicant to give a written certification as to whether any household member did or did not dispose of any assets for less than fair market value during the past two years.

Determining Affordable Rents and Rent Increases

In establishing rents of re-rented rehabilitated units, the Administrative Agent shall follow the procedures set forth in UHAC, utilizing the most recently published regional weighted average of the uncapped Section 8 income limits published by the Department of Housing and Urban Development ("HUD") and using the calculation procedures approved by the Court as set forth below. The income limits shall be updated by the Administrative Agent annually within 30 days of the publication of HUD's determination of median family income for a family of four for that year as follows:

1. Regional income limits shall be established for the region that the Town is located within based on the median income by household size, which shall be established by a regional weighted average of the uncapped Section 8 income limits published by HUD. To compute this regional income limit, the HUD determination of median county income for a family of four is multiplied by the estimated households within the county according to the most recent decennial Census. The resulting product for each county within the housing region is summed. The sum is divided by the estimated total households from the most recent decennial Census in the Town's housing region. This quotient represents the regional weighted average of median income for a household of four. The income limit for a moderate-income unit for a household of four shall be 80 percent of the regional weighted average median income for a family of four. The income limit for a low-income unit for a household of four shall be 50 percent of the HUD determination of the regional weighted average median income for a family of four. The income limit for a very low-income unit for a household of four shall be 30 percent of the regional weighted average median income for a family of four. These income limits shall be adjusted by household size based on multipliers used by HUD to adjust median income by household size. In no event shall the income limits be less than those for the previous year. Regional Income Limits provided by AHPNJ, the State of New Jersey or such other entity recognized by the State of New Jersey as the designated entity to provide the Regional Income Limits, may be utilized to fulfill the purpose of this paragraph.

2. The income limits are the result of applying the percentages in paragraph 1 above to HUD's determination of median income for the fiscal year.
3. The Regional Asset Limit used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)(3) shall be calculated by the Town annually by taking the percentage increase of the income limits as noted within paragraph 1 above over the previous year's income limits, and applying the same percentage increase to the Regional Asset Limit from the prior year. In no event shall the Regional Asset Limit be less than that for the previous year.
4. In establishing rents of rehabilitated affordable housing units, the Town's administrative agent shall follow the procedures set forth in UHAC, utilizing the regional income limits established pursuant to the process defined above. The rent levels of very low-, low- and moderate-income units may be increased annually based on the percentage increase in the Housing Consumer Price Index for the Northeast Urban Area, upon its publication for the prior calendar year. This increase shall not exceed nine percent in any one year.

The maximum rent for any restricted rental unit shall be affordable to a household earning no more than 60 percent of the median income, and the average rent for all restricted rental units in a single project shall be affordable to households earning no more than 52 percent of median income.

In buildings or for units that are vacant at the time of the rehabilitation, the Administrative Agent shall establish the initial affordable rent levels for the rehabilitated units. At least 50 percent of the affordable units and at least 50 percent of the affordable units within each bedroom distribution (unit size) must be low-income units. The remainder of the affordable units shall be moderate income units. At least 13 percent of all affordable rental units must be very low- income units, affordable to households earning no more than 30 percent of the regional median income, which very low-income units shall be included as part of the low-income requirement. The initial rents of rehabilitated rental units in buildings that are vacant at the time of the rehabilitation shall be structured such that there is at least one rent for each size unit (bedroom distribution) among the low-income units and one rent for each size unit (bedroom distribution) among the moderate-income units.

In determining the initial rent level for a deed-restricted rehabilitated unit, the following standards shall be used:

1. A studio shall be affordable to a one-person household;
2. A one-bedroom unit shall be affordable to a one and one-half person household;
3. A two-bedroom unit shall be affordable to a three-person household;
4. A three-bedroom unit shall be affordable to a four and one-half person household; and
5. A four-bedroom unit shall be affordable to a six-person household.

The initial rent for a restricted rehabilitated rental unit shall be calculated so as not to exceed 30 percent of the eligible monthly income of the appropriate size household, including an allowance for tenant paid utilities, as determined under N.J.A.C. 5:80-26.4, as may be amended and supplemented; provided, however, that in buildings containing multiple qualified rental units, the rent shall be subject to the affordability average requirement of N.J.A.C. 5:80-26.3, as may be amended and supplemented. Once an affordability level (very low, low or moderate) has been established for a particular unit based upon the income of the qualifying tenant household at the time of the rehabilitation, the unit shall be deed-restricted at that affordability level, and all subsequent tenant households shall be within the same income range (very low, low or moderate) for the duration of the affordability controls on the restricted unit.

Rehabilitation Program Audit Checklist – attached.

Rehabilitation Program Audit Checklist For rental Units – attached.