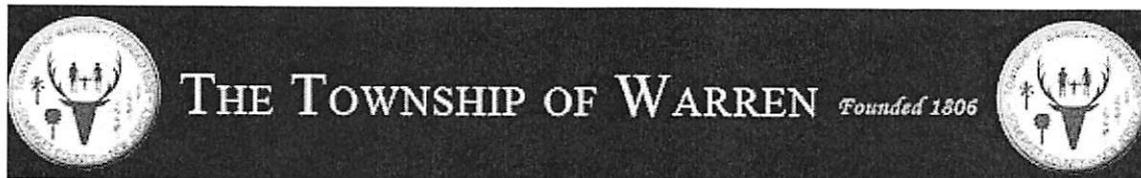


*OPERATING MANUAL*

*THE ADMINISTRATION OF*

*HOUSING REHABILITATION PROGRAM*

*WARREN TOWNSHIP/ SOMERSET COUNTY /NJ*



*Prepared by:*

*Rehabco, Inc.  
470 Mantoloking Road  
Brick NJ 08723*

*April 16, 2019  
Amended: July 9, 2019*

**WARREN TOWNSHIP  
REHABILITATION PROGRAM OPERATING MANUAL CHECKLIST  
Standards**

	<b>Eligible Participants</b>
<input type="checkbox"/>	Categories of Participants –Owners/Renters
<input type="checkbox"/>	Income Limits – The carrying costs of the unit should meet COAH criteria.
<input type="checkbox"/>	Certification of Substandard – List Major Systems
	<b>Available Benefits</b>
<input type="checkbox"/>	Program Financing – Owners/Renters
<input type="checkbox"/>	Program Affordability Controls
<input type="checkbox"/>	Program Affordability Controls – Owner-occupied – Lien
<input type="checkbox"/>	Program Affordability Controls – Renter-occupied – Deed and may include a lien
	<b>Eligible Property Improvements</b>
<input type="checkbox"/>	Eligible property improvements - Sample related work
<input type="checkbox"/>	Ineligible property improvements
<input type="checkbox"/>	Rehabilitation Standard
<input type="checkbox"/>	Certification of Standards required
	<b>Overview of Administrative Procedures</b>
<input type="checkbox"/>	Preliminary Application/Interview – Owners/Renters
<input type="checkbox"/>	Income Eligibility and Program Certification – Documents to be submitted Owners/Renters – period of eligibility
<input type="checkbox"/>	Housing Inspection/Substandard Certification
<input type="checkbox"/>	Ineligible Properties – The total debt must be less than the appraised price.
<input type="checkbox"/>	Work Write-up and Cost Estimate
<input type="checkbox"/>	Contractor Bidding Negotiations – Minimum- 3 Bids
<input type="checkbox"/>	Contractor Signing/Pre-Construction Conference – 15 days to begin work and 90 days complete work
<input type="checkbox"/>	Progress Inspections
<input type="checkbox"/>	Change Orders
<input type="checkbox"/>	Payment Schedule
<input type="checkbox"/>	Appeal Process – Property Improvements
<input type="checkbox"/>	Final Inspection
<input type="checkbox"/>	Recorded Mortgage, Mortgage Note/Lien
	<b>Income Eligibility Certification</b>
<input type="checkbox"/>	Verification documentation required
<input type="checkbox"/>	Eligible Income/Ineligible Income
<input type="checkbox"/>	Appeal Process – Income Eligibility
	<b>Contractor Related Procedures</b>
<input type="checkbox"/>	Standards for contractor selection – 3 recent job references, licenses, evidence of financial stability , workmen’s compensation, BI and PD \$500,000 minimum
<input type="checkbox"/>	At least 3 proposals required – –15 days in which to submit bid – bids must fall within max of 20% of cost estimate – award to lowest bidder
<input type="checkbox"/>	Contractor Requirements – work schedule and agreement
<input type="checkbox"/>	List of Pre-qualified Contractors

	<b>Maintenance of Records</b>
<input type="checkbox"/>	List documents to be filed
<input type="checkbox"/>	Rehabilitation Log
<input type="checkbox"/>	Monitoring Information required
	<b>Program Marketing</b>
<input type="checkbox"/>	Notice of Public Hearing
<input type="checkbox"/>	Program Flyer
<input type="checkbox"/>	Program Brochure
	<b>Rental Units</b>
<input type="checkbox"/>	Include overview of local rental process
<input type="checkbox"/>	<b>Affirmative Marketing</b>
<input type="checkbox"/>	Approved Affirmative Marketing Plan included
<input type="checkbox"/>	Marketing of re-rentals
<input type="checkbox"/>	Regional preference?
<input type="checkbox"/>	Rehabco to implement marketing of re-rentals
<input type="checkbox"/>	Sample marketing materials, including a sample display ad and PSA
<input type="checkbox"/>	<b>Random Selection &amp; Applicant Pool</b>
<input type="checkbox"/>	Preliminary income eligibility will be required prior to the lottery process
<input type="checkbox"/>	A pool of applicants will be maintained
<input type="checkbox"/>	Applicant pools will be by bedroom size and income
	<b>Matching Households to Available Units</b>
<input type="checkbox"/>	Households will be matched to available units according to COAH guidelines
<input type="checkbox"/>	<b>Household Certification</b>
<input type="checkbox"/>	Standards for reviewing applicant household eligibility and certifying applicant households
<input type="checkbox"/>	Verification documentation required
<input type="checkbox"/>	Eligible Income/Ineligible Income
<input type="checkbox"/>	Maximum Monthly Payment
<input type="checkbox"/>	Housing Counseling
<input type="checkbox"/>	Basis for Dismissing Applications
<input type="checkbox"/>	Appeals – Income Eligibility
<input type="checkbox"/>	<b>Determining Affordable Rents</b>
<input type="checkbox"/>	Determining Initial Rents
<input type="checkbox"/>	Determining Rent Increases
<input type="checkbox"/>	<b>No Application Fees</b>
<input type="checkbox"/>	<b>Violations, Defaults and Remedies</b>
<input type="checkbox"/>	<b>Maintenance of Records for Rental Program</b>
<input type="checkbox"/>	Lists documents to be filed
<input type="checkbox"/>	Monitoring information
<input type="checkbox"/>	<b>Appendices</b>
<input type="checkbox"/>	Mortgage
<input type="checkbox"/>	Deed (Rental Units)

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**INTRODUCTION**

The Warren Township Housing Rehabilitation Program Operating Manual has been prepared to assist in the administration of the Warren Township Housing Rehabilitation Program. It will serve as a guide to the program 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 1-866-405-3050 or <http://www.state.nj.us/lps/dcr/index.html>.

## **SECTION I. ELIGIBLE PARTICIPANTS**

### **A. Categories of Participants**

Both owner-occupied and renter-occupied housing units with the Township of Warren are eligible to receive funding for housing rehabilitation provided that the occupants of the units are determined to be low- or moderate-income households and that the units are determined to be substandard. Owners of rental properties do not have to be 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 low- or moderate-income households after rehabilitation. The lien/mortgage will be “perpetual” in nature in instances where the landlord does not reside at the unit. In all other housing rehabilitation projects, the mortgage/lien will be “forgivable” after a period of ten (10) years.

Warren Township’s Housing rehabilitation program is administered by Rehabco, Inc., an experienced company, that has provided rehabilitation services for over 30 years.

### **B. Income Limits for Participation**

The occupants of the units must have incomes that fall within the income guidelines established for Somerset County by the NJ Department of Community Affairs (DCA) and the Affordable Housing Professionals of New Jersey (AHPNJ) or NJ Superior Court.

For owner-occupied units, the carrying costs of the unit (taxes, mortgage and insurance) should meet DCA criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

The Warren Housing Rehabilitation Program will strive to provide that low-income households occupy at least 50 percent of the units rehabilitated.

The Warren Housing Rehabilitation Program is funded with township affordable housing trust funds NJDCA income limits are therefore utilized.

### **C. Program Area**

This is a municipal-wide program. The rehabilitation property must be located in Warren Township.

### **D. Certification of Substandard**

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. Lead paint abatement
8. 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 qualified housing inspector.

## **SECTION II. AVAILABLE BENEFITS**

### **A. Program Financing**

Up to \$18,000 per unit may be available for improvements to eligible owner-occupied and renter-occupied units. As per the housing contract, a certain amount of the housing-rehabilitation funding available for the program will be used for the operation of the program.

### **B. Owner-occupied Units**

**All funds are provided in a first-come, first-serve basis from the township and said funds are finite for the rehabilitation for the owner occupied units.**

### **C. Renter-occupied Units**

**Warren Township funds will also aide in the rehabilitation for the renter-occupied units.**

Housing rehabilitation investment will average at least \$18,000 per unit.

Financing of Warren's Housing Rehabilitation Program is structured to encourage rehabilitation and continued occupancy. If an owner-occupied housing unit is sold prior to the end of the controls on affordability, the entire deferred loan/grant is recaptured and used to rehabilitate another housing unit, unless the unit is sold to a low- or moderate-income household at an affordable price pursuant to N.J.A.C. 5:94-7.

### **D. Program Affordability Controls**

Ten-year controls on affordability on both owner-occupied units and rental units are required.

### **E. Owner-occupied Affordability Controls**

On owner-occupied units, the controls on affordability are in the form of mortgage, mortgage note/lien

### **F. Renter-occupied Affordability Controls**

For rental units, the controls on affordability are in the form of a deed restriction. 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 on affordability, the deed restriction must require the unit to be rented to a low- or moderate- income household at an affordable price and affirmatively marketed pursuant to the N.J.A.C. 5:94-7. Rents in rehabilitated units may increase annually based on the standards in N.J.A.C. 5:94-7.

### **G. Subordination**

Warren will agree to the 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. Additionally, for an owner-occupied unit, the household must be re-certified as low- or moderate-income. Warren Township's deferred loan will be in 2<sup>nd</sup> position to the primary mortgage, all subordinations must be approved by the Warren Township Committee.

## **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 any other cosmetic work that is reasonable and deemed necessary or 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 housing rehabilitation 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 will not be funded under this program.

### **C. Rehabilitation Standards**

Upon rehabilitation, housing deficiencies will be corrected and the unit will 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 will apply. For projects that require construction permits, the rehabilitated unit will 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 sub-section C above upon issuance of a certificate of completion or occupancy. The qualified inspector must certify any structure repaired in whole or in part with rehabilitation funds to be free of any code violations.

Warren will provide funding through the program for repairs in emergency situations.

- 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 will be made in accordance with the procedures outlined in this Operating Manual. AND

The funding for the emergency work and any additional rehabilitation will not exceed the program financing provisions in Section II, sub-section A of this Manual. The regulations of the New Jersey Contracts Law will be followed.

#### **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:

- Warren Township Administrator's Office,  
located at Warren Town Hall, 46 Mountain Boulevard, Warren NJ 07059

-or-

- Rehabco, Inc. Office, 470 Mantoloking Road, Brick NJ 08723  
Email: [Rehabco@aol.com](mailto:Rehabco@aol.com) and applications at [www.rehabconj.com](http://www.rehabconj.com)

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, an interview will be arranged with the applicant for a formal application to the program. At the time of the interview, the applicant must present required documentation. 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 of receipt.**

The Program will deviate from the rank order for emergency situations as stated above.

Only emergency situations are 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.
- Signed copies of the previous year's Federal and State Income Tax Returns.
- Documentation of all taxable and non-taxable income received by all household members. This includes: Wages (pay stubs), Pension, Annuity, Disability, Unemployment, Social Security & Supplemental, Interest, Dividends, Welfare, Alimony, Child Support, Capital Gains, Business Income, Rental Property Income, Public Assistance, Income received from child care or home cleaning etc.
- Income documentation for household minors and full-time students is required, but will be waived in determining household gross annual income.

If after review of the income documentation submitted an applicant is determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant may be determined ineligible if the applicant's or each tenants' income exceeds DCA income limits or, for owner occupied units, if the carrying costs of the unit (taxes, mortgage, insurance exceed NJDCA's criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

*After the initial interview (which may be held in person or over the phone) and the program staff has substantiated that the occupant is income-eligible, a Letter of Eligibility will be forwarded to the applicant.*

*Upon confirmation of income- eligibility of the applicant or the applicant's tenants, the program staff will send a letter 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 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 housing/building code inspector to inspect the entire residential property.

The program 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 ineligible for any one of the following reasons:

- 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.
- Total debt on the property will exceed the value of the property.

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 appropriate 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 housing rehabilitation program.

#### **F. Contractor Solicitation**

After the unit and the unit occupant have been certified as eligible, the program staff will bid the project to the general public through various forms of printed and electronic media. The project solicitation opening will be arranged and coordinated by Rehabco Inc. at their offices or at Warren Town Hall to be determined by the Township's Purchasing Agent. Rehabco will review the solicitations for price and suitability. The lowest responsible trade contractor will then be selected. If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner must pay the difference between the lowest bid price and the bid price of the selected contractor.

### **G. Contract Signing/Pre-Construction Conference**

Rehabco staff will communicate 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.

Rehabco will then call a Pre-Construction Conference. Documents to be executed at the Pre-construction Conference include: Contractors Agreement(s) and a Mortgage/Lien and Mortgage Note. The property owner, program staff representative and contractor will execute the appropriate documents and copies will be provided as appropriate. A 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. All documents to be approved by the Township Attorney.

### **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. 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. All Change Orders to be approved by the Township Committee.

### **J. Payment Schedule**

The contract will permit, 50% Progress and 50% Final payments, on projects of \$18,000. If the project costs less than \$10,000, 100% payments will be released upon completion of the project. The remaining payments are divided accordingly. First payment is made when the project is 50 percent completed. Second payment is made when the project is 50 percent completed.

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 Final Inspection Report.

## **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 municipality's Building Inspector.

The municipality's Building Inspector will decide if the payment is to be released to the contractor or the contractor must complete additional work or correct work completed before the release of the payment. The municipality's Building Inspector 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 is conducted and photographs taken. The program staff (or a representative), the property owner, and the necessary contractors must 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 Mortgage/Mortgage Note/Lien with the County Clerk.

## **N. File Closing**

After the final payment is made, the applicant's file will be closed by the program staff and rendered to the Township for filing in the official records archive.

## **SECTION V. PROCEDURE FOR INCOME-ELIGIBILITY CERTIFICATION**

### **A. Complete a Household Eligibility Determination Form**

The Warren Housing Rehabilitation program is funded with Township Housing Trust funds. The NJDCA income limits and NJDCA's income qualifying process will be utilized.

The program staff will require each member of an applicant household who is 18 years of age or older to provide documentation to verify income, pursuant to the Uniform Housing Affordability Controls at N.J.A.C. 5:80-16.1 et seq. (except for the asset test).<sup>1</sup> 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:

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<sup>1</sup> 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 by COAH, 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.

- 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.
- A letter or appropriate reporting form verifying monthly benefits such as
  - Social Security or SSI – Current award letter or computer print out letter
  - Unemployment – verification of Unemployment Benefits
  - Welfare -TANF<sup>2</sup> current award letter
  - Disability - Worker’s compensation letter or
  - 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.

Rehabco uses an income chart/worksheet to help calculate an applicant’s income. This summarizing document will prove useful in the event there is an appeal or question by the applicant concerning the calculation or during COAH monitoring visits. An applicant has 30 days to complete the submission of all required documentation.

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<sup>2</sup> TANF – Temporary Assistance for Needy Families

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
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 is counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, Rehabco will determine the imputed interest from the value of the property. Rehabco will 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

C. Warren will certify the income eligibility of low- and moderate-income households by completing the application form and will provide the household with the original and keep a copy in the project files.

#### **D. Appeals**

An applicant's appeal regarding the Administrative Agent's (Rehabco, Inc.) initial determination of program income eligibility will be made to the Township Administrator. The Township Administrator will gather all pertinent information from the Administrative Agent's file, understand the income certification process as included in this Manual and make a determination as to income eligibility of applicant. This may or may not correspond to the initial determination of eligibility. Further appeals from all decisions of the Township Administrator must be made in writing to Warren Township Committee.

### **SECTION VI. MISCELLANEOUS PROGRAM ELEMENTS**

#### **A. Prior Participants**

Applicants cannot reapply to the Program while there is a Warren Township Housing Rehabilitation Program Deferred Loan Lien recorded against their property as follows:

1. The project was awarded a standing Deferred Loan..
2. A project was awarded a Deferred Loan(s) for both "Emergency Work" and remaining work items. If only "Emergency Work" has been completed, this will not apply until after the remaining work items have been contracted (when the application reaches the top of the Applicant Log List).

#### **C. Mortgage Subordination**

In instances where program participants (those who have received a loan/grant through the Township's Housing Rehabilitation Program) require the program's Mortgage/Lien to subordinate to a personal mortgage which either refinances their original mortgage; a loan is obtained, or their original mortgage is re-structured, the Township may agree to subordinate mortgage ranking. If this indeed is the case, the Township reserves the right to; a) charge a \$150 fee, and increase said fee in \$100 increments for each act of subordination, b) bar any subordinations within (6) months prior to the scheduled date of forgiveness of deferred loan, c) grant the Township Attorney's Office thirty (30) days from date of request and payment of fee, to review a mortgage subordination request, d) grant the Township's Chief Financial Officer (CFO) or Township Clerk to execute said mortgage subordination with the consent of the Township Attorney, and with specific Governing Body authorization through resolution approval.

## **SECTION VII. CONTRACTOR RELATED PROCEDURES**

### **A. Contractor Selection**

All general contractors are permitted to solicit projects through the Warren Township Housing Rehabilitation Program, however contractors must arrange for an appointment with Rehabco Inc. the program's administrator to ensure that the contractor is familiar with all procedures and policies of the program. Contractors must carry workmen's compensation coverage and liability insurance of at least \$1,000,000 for bodily injury, death or property damage. Only licensed tradesmen will be permitted to perform specialty work such as plumbing, heating and electrical. All contractors must obtain a "NJ Business Registration" certificate from the NJ Department of Treasury in order to solicit projects through the program and other documentation required in the bid solicitation process.

### **B. Number of Proposals Required**

Contractors must visit the property and submit solicitations prior to the opening date. The contract will be awarded to the lowest bidder<sup>3</sup>, 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.

### **C. Contractor Requirements**

Upon notification of selection, the contractor must 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. At the time of Agreement execution, the contractor will sign a Contract prepared by the program staff. A "Business Registration Certificate" must be obtained by all contractors.

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<sup>3</sup> If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner must pay the difference between the lowest bid price and the bid price of the selected contractor.

## **SECTION VIII. MAINTENANCE OF RECORDS**

### **A. Files To Be Maintained on Every Applicant**

Rehabco 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 will contain the following:**

- Work Write-Up/Cost Estimate
- Copies of Bids
- Applicant/Contractor Contract Agreement
- Recorded Mortgage, Mortgage Note/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 by the administrative agent, Rehabco, and then transferred to municipal officials for retention when the last HOUSING rehabilitated unit is completed.

### **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 (yrs)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

## **SECTION IX. 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 will include flyers once a year with the specifics of the housing rehab program. Program information will be available at the municipal building, library, and senior center and on the municipal website. Posters regarding the program will 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.