

THE TOWNSHIP OF HOPE, COUNTY OF WARREN AND STATE OF NEW JERSEY
AUTHORIZING AND ADOPTING THE ACCESSORY APARTMENT PROGRAM
MANUAL FOR THE TOWNSHIP OF HOPE, COUNTY OF WARREN

RESOLUTION NO. 2026-29

WHEREAS, in accordance with the Amended Fair Housing Act and the New Jersey Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.1, et. seq.) the Township of Hope is required to adopt all program operating manuals, which set forth the procedures for administering the programs and their associated controls for affordable housing units created within the Township of Hope; and

WHEREAS, the Township of Hope's Administrative Agent has prepared Accessory Program Manual to comply with the updated N.J.A.C. 5:80-26.1, et. seq. regulations, a copy of which is attached hereto.

NOW, THEREFORE, BE IT RESOLVED, that the Township Committee of the Township of Hope, County of Warren, State of New Jersey does hereby authorize and adopt the Accessory Apartment Program Manual.

BE IT FURTHER RESOLVED that the Resolution shall take effect immediately.

Motion to adopt: Mr. Urfer Second: Mayor McDonough

Roll Call: Mr. Kruk – Absent Mr. Urfer – Yes Mayor McDonough - Yes

CERTIFICATION

I, Robin Keggan, Municipal Clerk, of the Township of Hope, County of Warren, State of New Jersey do hereby certify the foregoing is a true and exact copy of the resolution adopted by the Township Committee of the Township of Hope on March 11, 2026.



Robin Keggan, Municipal Clerk

Township of Hope

OPERATING MANUAL

For the Administration of **ACCESSORY APARTMENTS**

In accordance with the Uniform Housing
Affordability Controls

HOPE TOWNSHIP
2026

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INTRODUCTION

This Operating Manual has been prepared to assist in the administration of accessory apartments in the Hope Township Affordable Housing Program. It will serve as a guide to the program staff.

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 initial creation of an accessory apartment and in the rental process. It describes the eligibility requirements for participation in the program, record keeping and overall program administration.

Implementation of any procedure, even if it is not included in this Operating Manual, shall be in accordance with the Federal Fair Housing Act and Equal Opportunities laws, the Uniform Housing Affordability Controls (UHAC) N.J.A.C. 5:80-26.1 et seq., the substantive rules of the Council on Affordable Housing N.J.A.C. 5:93 and N.J.A.C. 5:99, as amended and supplemented, as well as the affordable housing regulations of Hope Township's (hereafter referred to as the "Regulations").



In accordance with the Federal Fair Housing Act and Equal Opportunities laws it is unlawful to discriminate against any person making application to buy or rent a home with regard to age, race, religion, national origin, sex, handicapped or familial status.

What Is Affordable Housing?

Affordable housing, unlike market rate housing, has affordability controls limiting the price for a determined period of time. Affordable housing is priced to be affordable to households earning up to 80 percent of the area median income for the region in which the affordable housing is located. N.J.A.C. 5:80-26.7(b) establishes that housing is considered "affordable" if the household pays 30 percent or less of the eligible monthly income of an appropriate household size as determined pursuant to N.J.A.C. 5:80-26.4.

What Is an Accessory Apartment?

Pursuant to Ordinance Section §20-28.2, an Accessory Apartment is defined as "Self-contained residential dwelling unit with a kitchen, sanitary facilities, sleeping quarters, and a private entrance, which is created within an existing home or through the conversion of an existing accessory structure on the same site or by an addition to an existing home or accessory building or by the construction of a new accessory structure on the same site." The Township's Accessory Apartment Ordinance 2018-02, adopted on February 20, 2018, created the Accessory Apartment Program. This Ordinance outlines that for every accessory apartment created either within an existing home, through the conversion of an existing accessory structure on the same site, or created as an addition to an existing home, Hope will dispense \$10,000 from the affordable housing trust fund to assist in the creation

of up to 10 accessory apartments for very-low-, low-, and moderate-income households. This initiative is contingent on whether the water and sewer infrastructure needed to support an additional unit becomes available. Affordability controls shall remain in effect for at least 30 years.

Who Qualifies for Affordable Housing?

In order to be eligible for affordable housing in New Jersey, a household's income must be below the income limit for the region in which the affordable housing is located, either for very low-, low or moderate levels. A moderate-income household is classified as earning between 50 percent and 80 percent of the area median income. A low-income household is classified as earning less than 50 percent of area median income. Municipalities are also required to provide affordable sale housing to very low-income households; at least 13 percent of all affordable units must be affordable to households earning 30 percent or less of median income (very-low).

The six housing regions are as follows:

Regions	Counties
1	Bergen, Hudson, Passaic, Sussex
2	Essex, Morris, Union, Warren
3	Hunterdon, Middlesex, Somerset
4	Mercer, Monmouth, Ocean
5	Burlington, Camden, Gloucester
6	Atlantic, Cape May, Cumberland, Salem

The Affordable Housing Professionals of New Jersey (AHPNJ) Regional Income Limits Chart provides information about income limits for each of the six housing regions. Each region has different calculated median incomes, which are adjusted annually.

The Township's Affordable Housing Plan

In response to Mount Laurel IV, Hope Township filed a Declaratory Judgment action on July 9, 2015, seeking a declaration of its compliance with the Mount Laurel doctrine and the Fair Housing Act of 1985, N.J.S.A. 52:27D-201 et seq. Due to the uncertainty surrounding the appropriate manner by which to calculate municipal obligations throughout New Jersey at that time, the Township and the Fair Share Housing Center ("FSHC") agreed that a settlement was in the best interest of the Township and its residents. The Township professionals and representatives of the FSHC entered into negotiations to settle the Township's Declaratory Judgment action and seek Court-approval for an accepted fair share obligation for the Township. The settlement agreement was executed by the Township and FSHC on September 25, 2017.

A Fairness Hearing was held on October 23, 2017, and in an Order from that same day, the Court approved the settlement agreement, and determined that the agreement is "fair and reasonable to the interests of low and moderate income households..." Pursuant to the Court Order, the Township had 120 days from October 23, 2017 to prepare a Housing Element and Fair Share Plan and Spending Plan that reflected the terms of the settlement

agreement. The resulting HEFSP was adopted January 29, 2018 (“2018 Plan”) by Resolution.

Another Fairness Hearing was conducted on April 19, 2018. By result, the Honorable Judge Thomas C. Miller granted a conditional JOR on January 10, 2019. The Township was given several orders including, but not limited to, adopting the spending plan that had been produced earlier that year, passing an accessory apartment ordinance, and partnering with the Warren County Housing Program to address the municipality’s rehabilitation need. Upon meeting the outlined conditions, Hope was granted a final JOR on September 30, 2022 by Honorable Robert A. Ballard Jr.. This order bestowed upon the Township immunity from builder’s remedy lawsuits until July 8, 2025.

On January 22, 2025, in accordance with the standards established by the amended FHA and described above, the Township adopted Resolution 2025-20. This resolution maintained the Fourth Round DCA-generated Prospective Need obligation of 31 and Present Need obligation of 0. The Township’s Fourth Round Housing Element and Fair Share Plan was adopted on June 17, 2025, and an amendment to this Plan was most recently adopted by the Land Use Board in March 2026.

Table 1: Hope’s Affordable Housing Obligation

Housing Cycle	Total Units
Prior Round Obligation	8
Third Round Obligation	70
Fourth Round Prospective Need	31
Fourth Round Present Need / Rehabilitation Obligation	0

A copy of the Hope Township’s Housing Element and Fair Share Plan is available in the Hope Township’s Municipal Clerk’s Office located at 407 Hope Great Meadows Road, Hope, NJ 07844 and on the Township Website. The Township can also be reached at (908) 459-5011.

Affordable Housing Programs and Opportunities

Affordable housing is administered by a wide variety of organizations and agencies. Links to affordable housing resources can be found at the following webpage <http://www.nj.gov/dca/affiliates/coah/resources/looking.html>

Individuals interested in applying for affordable housing should contact the Municipal Housing Liaison in the municipality in which they are interested in living. Each municipality under the Court’s jurisdiction has a Municipal Housing Liaison who is responsible for administering the municipality’s affordable housing program. Some municipalities administer their own affordable housing and have their own application process. If not, the Municipal Housing Liaison can direct applicants to developers,

nonprofit agencies, State agencies or consultants that may administer the affordable housing within the municipality.

The New Jersey Housing and Mortgage Finance Agency has established New Jersey's Housing Resource Center, an on-line, searchable database of affordable housing in the State. The Housing Resource Center provides a listing posted by developers, landlords, and municipalities of available affordable housing. Available units are listed with contact and application information. Look for the Housing Resource Center at www.njhousing.gov.

The New Jersey Guide to Affordable Housing, which can be found at <https://www.nj.gov/dca/codes/publications/guide.shtml> is a listing compiled by the New Jersey Department of Community Affairs Division of Codes and Standards. It lists all types of affordable housing by county. The housing units on the list have a variety of qualification requirements, including age-restricted housing and housing for the developmentally disabled.

Applicants who do not have access to the Internet should call 211 for assistance

Fair Housing and Equal Housing Opportunities

It is unlawful to discriminate against any person making application to buy or rent a home 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 <https://www.njoag.gov/about/divisions-and-offices/division-on-civil-rights-home/>.

Overview of The Affordable Housing Administration Process

- The Municipal Housing Liaison serves as an initial point of contact for unsolicited calls to the municipality about affordable housing and where appropriate directs applicants to an Administrative Agent, who may be nonprofit agencies, State agencies or consultants that may administer the affordable housing within the municipality.
- The Administrative Agent implements the municipality'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, the developer or the affordable housing sponsor will accept these returned pre-applications for a specific period of time, for example, 30 to 90 days. At the end of this time period, all applications will go to the

Administrative Agent where 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 five (5) 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 a Disclosure Statement/Certificate for Applicants Certified to Rental Unit and any applicable documents, which are held in the applicant file. Applicants then make an appointment with the accessory apartment unit owner. Applicant households seeking rental units may be subject to a credit check by the unit owner. 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 into the affordable rental unit.

CREATION OF AN ACCESSORY APARTMENT

Accessory apartments are allowed in Hope Township in every zoning district in compliance with Township Ordinance. The Township's existing housing stock, described in the Housing Element, lends itself to the accessory apartment program. The historic and agricultural landscape of the Township provides access to homes on larger lots that can accommodate the conversion of accessory buildings to apartments. In addition, larger historic homes in the Hope Moravian Historical Center District also have the ability to incorporate accessory apartments into the current homes. These two scenarios provide an opportunity to incorporate affordable housing in a manner that maintains the fabric of the Township without a loss of character and sense of place. Since homes are served by on-site private wells and septic systems, proper functioning and capacity of these systems will be key to a successful accessory apartment program.

Homeowners interested in creating an accessory apartment on their property should contact the Municipal Housing Liaison, 407 Hope Great Meadows Road, Hope, NJ 07844, (908) 459-5011.

The Township shall not be obligated to fund more than ten accessory apartments by July 2035. The Township reserves the right to dictate the deed restriction length and income limits based on the Township's need.

Requirements for Creating an Accessory Apartment

- Homeowners interested in creating an accessory apartment or making an existing accessory unit available for this program must read this manual and understand all of the requirements of owning and renting out an affordable housing unit.
- Property considered for an accessory unit must fall within the zone(s) where accessory units are permitted within the Township of Hope.
- Property must receive certification from Board of Health of the adequacy of on-site well and septic to accommodate the accessory apartment. This must be documented and kept on file by the Administrative Agent.
- The owners must comply with all requirements set forth in Township Ordinance, including filing a complete application with the Township Zoning Official.
- A deed restriction pursuant to Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.1 et seq.) stating the affordability controls will be **recorded** on the primary residence.
- Deed restrictions for accessory apartments in Hope Township are for a period of no less than 30 years.
- The rent for the accessory apartment will be lower than market rate rents in the area to make it affordable for low- and/or moderate-income households. Households must be income-qualified by the Administrative Agent. Application for the apartment is open to the public, however the homeowner may establish reasonable criteria for the household selected to live in the unit.

Compensation for the Creation of an Accessory Apartment

- The municipality will provide \$10,000.00 per unit to subsidize the creation of a low-income accessory apartment.

Process for Creating an Accessory Apartment

- Application for approval of accessory apartment construction submitted to the Zoning Officer and Administrative Agent in Compliance with Township Ordinance.
- Initial inspection by Building Inspector and Zoning Officer
- Approval of apartment design by Building Inspector and Zoning Officer

- Contract agreement between municipality and owner approved by resolution of the Township Committee
- Deed restriction recorded on residence in a form approved by the Township Attorney
- Construction inspections
- Final inspection and issuance of Certificate of Occupancy
- Administrative marketing and tenant selection
- Final payment
- Initial occupancy by qualified tenant

DETERMINING AFFORDABLE RENTS

To determine the affordable rents the Administrative Agent uses the calculators located at <https://ahpnj.org/resources/updated-coah-calculators>.

Development Considerations and Compliance Issues

There are several regulations that must be considered from the *development perspective* before the rents of accessory apartments can be calculated. These requirements should be discussed at the first meeting between the Municipal Housing Liaison, Administrative Agent and homeowner.

Number of Bedrooms. The number of bedrooms is a decision that must be made by the homeowner as there is no requirement for a certain number of bedrooms for accessory apartments. The homeowner must provide this information to the municipality and the Administrative Agent so that a rent may be established for the unit.

Pricing by Household Size. Initial rents are based on targeted “model” household sizes for each size home as determined by the number of bedrooms. Initial rents must adhere to the following rules. These maximum rents are based on AHPNJ's Annual Regional Income Limits Chart at the time of occupancy:

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

Size of Unit	Household Size Used to Determine Max Rent
Studio/Efficiency	1
1 Bedroom	1.5
2 Bedrooms	3
3 Bedrooms	4.5
4 Bedrooms	6

The above rules are only to be used for setting initial rents. They are not guidelines for matching household sizes with unit sizes. The pricing of age-restricted units may not exceed affordability based on a two-person household.

Utilities. The homeowner must determine how utilities for the accessory apartment will be paid, either by the homeowner and reimbursed through rent or by the tenant separately. Either way, the maximum rent amount may not be exceeded. This should be discussed with the Administrative Agent prior to the rent being set.

Determining Initial Rents

The initial rent for a restricted rental unit shall be calculated so that the total monthly housing expense, including an allowance for tenant-paid utilities, does not exceed 30 percent of the gross monthly income of a household of the appropriate size whose income is targeted to the applicable percentage of median income for the unit, as determined pursuant to N.J.A.C. 5:80-26.3, as may be amended and supplemented. The rent shall also comply with the affordability average requirement of N.J.A.C. 5:80-26.4, as may be amended and supplemented. The initial rent for a restricted rental unit shall be calculated so the eligible monthly housing expenses/income, including an allowance for tenant-paid utilities does not exceed 30 percent of gross income of and the appropriate household size as determined pursuant to N.J.A.C. 5:80-26.3, as may be amended and supplemented.

Maximum Rent. In establishing rents and sales prices of affordable housing units, the Administrative Agent shall follow the procedures set forth in UHAC N.J.A.C. 5:80-26.4. The average rent for all restricted units within each affordable housing development shall be affordable to households earning no more than 52 percent of regional median income, and the maximum rent for restricted rental units within each affordable housing development shall be affordable to households earning no more than 60% of regional median income. The developers and/or municipal sponsors of restricted rental units shall establish at least one rent for each bedroom type for both low-income and moderate-income units, provided that at least 13% of all low- and moderate-income rental units shall be affordable to households earning no more than 30% of median income. These very low-income units shall be part of the low-income requirement and very-low-income units

should be distributed between each bedroom count as proportionally as possible, to the nearest whole unit, to the total number of restricted units within each bedroom count.

Determining Rent Increases

At the anniversary date of the tenancy of the certified household occupying a restricted rental unit, following proper notice provided to the occupant household pursuant to N.J.S.A. 2A:18-61.1.f, the rent may be increased to an amount commensurate with the annual percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U), specifically U.S. Bureau of Labor Statistics Series CUUR0100SAH, titled "Housing in Northeast urban, all urban consumers, not seasonally adjusted." Rent increases for units constructed pursuant to Low-Income Housing Tax Credit regulations shall be indexed pursuant to the regulations governing Low-Income Housing Tax Credits.

These increases must be filed with and approved by the Administrative Agent. Property managers or landlords who have charged less than the permissible increase may use the maximum allowable rent with the next tenant with permission of the Administrative Agent. The maximum allowable rent would be calculated by starting with the rent schedule approved as part of initial lease-up of the development and calculating the annual Court-approved increase from the initial lease-up year to the present. Rents may not be increased more than once a year, may not be increased by more than one Court-approved increment at a time, and may not be increased at the time of new occupancy if this occurs less than one year from the last rental. No additional fees may be added to the approved rent without the express written approval of the Administrative Agent.

AFFIRMATIVE MARKETING

Overview of the Requirements

All affordable units are required to be affirmatively marketed using Hope Township's Affirmative Marketing Plan. An Affirmative Marketing Plan is a regional marketing strategy designed to attract households of all majority and minority groups, regardless of race, creed, color, national origin, ancestry, marital or familial status, gender, affectional or sexual orientation, disability, age, or number of children to housing units which are being marketed by an Administrative Agent or a developer, sponsor, owner or property manager of affordable housing. The primary objectives of an Affirmative Marketing Plan are to target households who are least likely to apply for affordable housing, and to target households throughout the entire housing region in which the units are located.

Every Affirmative Marketing Plan must include all of the following:

- Publication of at least one advertisement in a newspaper of general circulation within the housing region; and
- Broadcast of at least one advertisement by radio or television throughout the housing region.

- At least one additional regional marketing strategy such as a neighborhood newspaper, religious publication, organizational newsletter, advertisement(s) with major employer(s), or notification through community and regional organizations such as non-profit, religious and civic organizations.

For each affordable housing opportunity within the municipality, the Affirmative Marketing Plan must include the following information:

- The address of the project and development name, if any
- The number of rental units
- The price ranges of the rental units
- The name and contact information of the Municipal Housing Liaison, Administrative Agent, property manager or landlord
- A description of the Random Selection method that will be used to select applicants for affordable housing.
- Disclosure of required application fees, if any.

Advertisements must contain the following information for each affordable housing opportunity:

- The name of the program, i.e. Accessory Apartment
- The rent amount
- The bedroom size of the units
- The maximum income permitted to qualify for the housing units
- The locations of applications for the housing units
- The business hours when interested households may obtain an application for a housing unit
- Application fees, if any
- Last date applications will be accepted
- Contact number of the Municipal Housing Liaison or Administrative Agent

- If already adopted by ordinance, a statement concerning regional preference.
- Visit www.njhousing.gov for more affordable housing opportunities.

Regional Preference

Hope Township has by ordinance provided that households that live or work in Affordable Housing Region 2 (comprised of the following counties Essex, Morris, Union, Warren) shall be selected for an affordable housing unit before households from outside this region. Units that remain unoccupied after households who live or work in the region are exhausted, may be offered to the households outside the region.

Implementation of the Affirmative Marketing Plan

The affirmative marketing process for affordable units shall begin at least four months prior to expected occupancy. In implementing the marketing program, the Municipal Housing Liaison/Administrative Agent shall undertake all of the strategies outlined in Hope Township's Affirmative Marketing Plan. Advertising and outreach shall take place during the first week of the marketing program and each month thereafter until all the units have been sold. 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 Municipal Housing Liaison/Administrative Agent for re-rentals.

When a re-rental affordable unit becomes available, the applicants will be selected from the applicant pool and, if necessary, the unit will be affirmatively marketed as described above.

The selection of applicants from the applicant pool is described in more detail in this manual under **Random Selection & Applicant Pool(s)**.

RANDOM SELECTION & APPLICANT POOL(S)

Ordinance Section §20-28.1b defines the "Random Selection Process" as a process by which currently income-eligible households are selected for placement in affordable housing units such that no preference is given to one applicant over another except for purposes of matching household income and size with an appropriately priced and sized affordable unit (e.g., by lottery).

A random selection method to select occupants of very low-, low- and moderate-income housing will be used by the Township's Administrative Agent, or the Administrative Agent of any specific developer, in conformance with N.J.A.C. 5:80-26.16.

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

- No random selection may be conducted prior to 60 days following the initial advertisement on the New Jersey Housing Resource Center.
- At the end of this 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).
- 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).
- If there are sufficient names remaining in the pool to fill future re-rental, the applicant pool shall be closed.
- When the applicant pool is close to being depleted, the Administrative Agent will re-open the pool and conduct a new random selection process after fulfilling the affirmative marketing requirements. The new applicant pool will be added to the remaining list of applicants.

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.

HOUSEHOLD CERTIFICATION

Before any household can rent a restricted unit, the Administrative Agent must certify the household as eligible.

For a household to be eligible to rent an accessory apartment, the combined household income from all sources (including assets) must not exceed the amount established under the Court approved reginal income limits.

Certification of a household involves the verification of two critical pieces of data: 1) Household size and composition, including gender; and 2) The total income and assets for all household members over 18 years of age. The certification process begins with the applicant completing an application in its entirety and providing the required backup documentation. Once eligibility documents and data have been collected, the Administrative Agent can begin the process of calculating the household's income.

Procedure for Income-Eligibility Certification

The Administrative Agent shall require each member of an applicant household who is 18 years of age or older to provide documentation to verify their income. 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.
- 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 -TANF¹ current award letter
 - Disability - Worker's compensation letter or
 - Pension income (monthly or annually) – a pension letter

¹ TANF – Temporary Assistance for Needy Families

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- 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. Restricted units constructed with Federal funds should consult the appropriate regulations, for example, HUD Section 42, to ensure compliance with applicable Federal regulations.

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 persons 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 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.

The Real Estate Asset Limit

Except for federal programs, if an applicant's primary residence, which is to be sold upon rental of an affordable unit, has no mortgage debt and is valued at or above the regional

asset limit as published annually by AHPNJ with AHPNJ's Annual Regional Income Limits Chart, the household must be determined ineligible for certification.

However, if the applicant's existing monthly housing costs including taxes, homeowner insurance, and condominium or homeowner association fees exceed 35 percent of the household's eligible monthly income, the household will be exempt from the asset limit.

An applicant must provide a recent, Market Value Appraisal or Realtor Comparative Market Analysis, on the home they own unless the applicant has mortgage debt on the home or can demonstrate that the existing monthly housing costs exceed 35 percent of the household's eligible monthly income, in which case the applicant is exempt from the asset limit.

Before obtaining a professional appraisal, the applicant should review the property's tax appraisal and the current market value and compare it to the asset limit to avoid any unnecessary expense. For instance, if homes are commonly selling in the applicant's neighborhood for over \$250,000, it is unlikely that an appraisal will determine a value below the asset limit.

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.

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 30 percent of the verified household income 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 30 percent 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 30 percent 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 providing housing counseling, 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. If the Administrative Agent is not approved by HUD or by the NJ Department of Banking and Insurance, the Agent will make referrals to one of the HUD-approved housing counseling agencies in New Jersey. This counseling to 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 on the DCA's website 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.

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

Approving or Rejecting A Household

Administrative Agents must notify applicant households of their eligibility within five (5) days of the Administrative Agent's determination.

Households with a verified total household income that exceeds 80 percent of the regional income limit for the appropriate family size are ineligible for purchase or rental of restricted units. A letter rejecting the household's application shall be mailed to the household.

Similarly, households with a verified total household income that is within the income limits, but too low to afford any of the units administered by the Administrative Agent shall be sent a letter rejecting the household's application, and/or referring them to housing counseling.

Households with a verified total household income of less than 80 percent shall be issued a letter certifying eligibility. This certification is valid for 180 days. If the Administrative Agent is unable to place the household in a restricted unit at the conclusion of 180 days, an extension may be granted once the household's eligibility is verified.

Once the applicant is certified and matched to an available unit, the Administrative Agent must secure from the applicant a signed and notarized acknowledgement of their requirements and responsibilities in renting a restricted unit. UHAC's Disclosure Statement shall be forwarded to the applicants.

In addition to non-eligibility based on income, the Administrative Agent may deny a certification because of the household's failure or inability to document household composition, income, assets, sufficient funds for down payment, or any other required facts and information. A household may also be denied certification if the Administrative Agent determines that there was a willful or material misstatement of fact made by the applicant.

Dismissal of Applications

Applications can be dismissed for the following reasons:

1. The application is not signed or submitted on time.
2. The applicant commits fraud, or the application is not truthful or complete.
3. The applicant cannot or does not provide documentation to verify their income or other required information when due.
4. The household income does not meet the minimum or maximum income requirements for a particular property.
5. The applicant owns assets that exceed the Asset Limit.
6. The applicant fails to respond to any inquiry in a timely manner.
7. The applicant is non-cooperative or abusive with the staff, property manager or landlord.
8. The applicant changes address or other contact information without informing the Administrative Agent in writing.
9. The applicant does not meet the credit standard or other requirement set forth by managers of rental properties.
10. The applicant fails to verify attendance in a credit counseling program when required to do so by the program rules.
11. The applicant does not respond to periodic update inquiry in a timely fashion.
12. The applicant fails to sign the Compliance Certification, Certificate for Applicant, Lease Document, as may be required.
13. The applicant, once approved, fails to sign the lease in a timely manner.
14. Applicants will also be removed from all lists held by the Administrative Agent once they have been approved for an affordable unit. However, these applicants

may re-apply for other opportunities in that municipality once they have occupied their unit.

Applicants who are dismissed must re-apply. A minimum time period of six months applies in most situations where the applicant has been withdrawn for fraud, poor credit, uncooperative behavior or other serious matters.

Applicants are not automatically removed from rental lists if they do not respond to a Notice of Availability.

Applications may be held in abeyance for a period not to exceed 60 days if there is an error on the credit report, so that the applicant can correct the error and re-apply. Units will not be held open for that applicant. However, once the credit report is corrected, the applicant will be given a priority for the next opportunity at that property.

Appeals

Appeals from all decisions of an Administrative Agent shall be filed in writing with the Court.

FINALIZING THE TENANT

Once a household has been certified to occupy an accessory apartment, the income has been documented and the ability to pay the established rent has been verified, the Administrative Agent may refer that household to meet with the owner of the apartment for final approval. The owner may develop a reasonable list of criteria, such as smoking or non-smoking, whether or not pets are allowed, etc., and may only reject tenants who do not meet those criteria. That list must be approved by the Administrative Agent.

The owner may also conduct a credit check and criminal background check on prospective tenants. An acceptable credit limit must be established prior to any credit check and must be on file with the Administrative Agent.

Lease. When a tenant is found, that tenant will be required to sign a lease. This may be a standard lease and must be approved by the Administrative Agent. It should list the location of the unit, the name of the tenant and the initial rent amount. A copy of the executed lease must be provided to the Administrative Agent. In addition, Certification K, which is appended to this manual, must also be signed by the tenant and a file must be given to the tenant and the original kept on file with the Administrative Agent.

Security Deposit. The owner may require a reasonable security deposit from the tenant.

VACANCIES

Once a homeowner learns that an accessory apartment will be vacated by a tenant, the Administrative Agent should immediately be notified to begin the process of finding a new tenant.

VIOLATIONS, DEFAULTS AND REMEDIES

In the event of a threatened breach of any of the regulations governing the affordable unit by an Owner of an accessory apartment, the Administrative Agent shall have all the remedies provided at law or equity, including the right to seek injunctive relief or specific performance, it being recognized by both parties that it will cause irreparable harm to the municipality, in light of the public policies set forth in the Fair Housing Act and the obligation for the provision of low- and moderate-income housing.

Upon the occurrence of a breach of any of the regulations governing the affordable units by an Owner of an accessory apartment, the municipality shall have all remedies provided at law or equity, including but not limited to foreclosure, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in the violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.

MAINTENANCE OF RECORDS AND APPLICANT FILES

Pursuant to N.J.A.C. 5:80-26.15 and N.J.A.C. 5:99, current records must be maintained by the Administrative Agent and outdated records must be given to the municipality for safe-keeping. A file must be created and maintained on each restricted unit for its control period. Administrative Agents maintain detailed records on all marketing initiatives.

Files to be Maintained on Every Applicant

The Administrative Agent 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
- Income Verification
- Letter of Certification of Eligibility or Letter of Determination of Ineligibility.

Individual files will be maintained throughout the process if applicable and submitted to the municipality upon termination of the program.

Files to be Maintained on Every Unit

The Administrative Agent will maintain files on every unit for the length of the affordability controls. The unit file will contain at a minimum:

- Base rent
- Identification as low- or moderate-income
- Description of number of bedrooms and physical layout
- Floor plan
- Application materials, verifications and certifications of all present owners, pertinent correspondence
- Copy of lease

- Disclosure Statement
- Deed restriction with length of controls on the unit

Files to be Maintained on the Applicant Pool

- Any changes to the applicant pool
- Any action taken with regard to the applicant pool
- Any activity that occurs that affects a particular applicant
- Current applications for all applicants whose status is active in the applicant pool
- The application, the initial rejection notice, applicant's reply to the notice, a copy of the Administrative Agent's final response to the applicant, and all documentation of the reason the applicant's name was removed from the applicant pool.

Monitoring

The municipality shall comply with the following monitoring and reporting requirements regarding the status of the implementation of its court-approved Housing Element and Fair Share Plan:

- The municipality shall provide electronic monitoring data with the Department pursuant to P.L 2024, Chapter 2 and N.J.A.C. 5:99 through the Affordable Housing Monitoring System (AHMS). All monitoring information required to be made public by the FHA shall be available to the public on the Department's website at <https://www.nj.gov/dca/dlps/hss/MuniStatusReporting.shtml>.
- On or before February 15 of each year, the municipality shall provide annual reporting of its municipal Affordable Housing Trust Fund activity to the Department on the AHMS portal. The reporting shall include an accounting of all municipal Affordable Housing Trust Fund activity, including the sources and amounts of funds collected and the amounts and purposes for which any funds have been expended, for the previous year from January 1st to December 31st.
- On or before February 15 of each year, the annual reporting of the status of all affordable housing activity shall be provided to the Department on the AHMS portal, for the previous year from January 1st to December 31st.

The information required for each unit includes but is not limited to:

- Street Address
- Block/Lot/Qualifier/Unit Number
- Housing Type
- Income: Very Low/Low/Moderate
- Initial Rental Price
- % of affordability
- Bedroom Type
- Age-restricted
- Handicap accessible/adaptable
- Co #, date
- Effective date of affordability controls
- Length of affordability controls (yrs)
- Date Affordability controls removed