

2019
N.J. DIVISION OF MENTAL HEALTH & ADDICTION SERVICES
RENTAL SUBSIDY PROGRAM POLICY

Introduction:

This policy applies to all rental subsidies funded and/or managed by the N.J. Department of Human Services, Division of Mental Health & Addiction Services (DMHAS). DMHAS reserves the right to waive the requirements contained in this Agreement, as necessary.

DMHAS is committed to the key principles of permanent, supportive housing.

DMHAS rental subsidies are administered through the Supportive Housing Connection (a partnership of New Jersey governmental agencies and departments) or other DMHAS designated entity. Currently, DMHAS rental subsidies are distinguished and defined as follows:

1. **Tenant Based** – A tenant based subsidy is associated with a specific consumer, travels with the consumer from unit to unit and remains with the consumer until such time as the consumer becomes ineligible to receive (or is terminated from) the subsidy. The tenant based subsidy is not affiliated with or assigned to any particular provider agency. The subsidy is recycled back to DMHAS as soon as the specific consumer becomes ineligible to receive (or is terminated from) the subsidy.

2. **Tenant-Shared** – A tenant shared subsidy is associated with a specific unit occupied by two or more consumers (each of whom maintains a separate lease agreement with the landlord). The tenant shared subsidy remains with the specific unit until such time as **each** of the consumers becomes ineligible to receive (or is terminated from) the subsidy and/or vacates the unit. The tenant shared subsidy is not affiliated with or assigned to any particular provider agency and does not travel with any specific consumer. The subsidy is recycled back to DMHAS as soon as each of the consumers becomes ineligible to receive (or is terminated from) the subsidy and/or vacates the unit.

3. **Project Based** – A project based subsidy is associated with a specific unit and subsidizes the rent of any eligible consumer residing in the specific unit. The project based subsidy is not affiliated with or assigned to any particular provider agency and does not travel with any consumer. DMHAS is in the process of phasing out, over time, certain project based subsidies and converting certain project based subsidies to tenant based subsidies.

4. **Sponsor/Tenant Based** – A sponsor/tenant based subsidy is associated with a particular provider agency and program (RIST, PACT, etc.) and can travel from unit to unit with a specific consumer so long as the consumer remains in the provider agency service area. DMHAS is in the process of phasing out, over time, certain sponsor/tenant based subsidies and converting certain sponsor/tenant based subsidies to tenant based subsidies.

5. **Sponsor/Project Based** – A sponsor/project based subsidy is associated with a particular provider agency and program (RIST, PACT, etc.), as well as a specific unit that is owned or master leased by the particular provider agency. DMHAS is in the process of phasing out, over time, certain sponsor/project based subsidies and converting certain existing sponsor/project based subsidies to tenant based subsidies.

Consumer Eligibility:

Eligible consumers must be:

1. 18 years of age or older and a resident of the State of New Jersey;
2. diagnosed with a serious mental illness and qualified to receive a DMHAS contracted mental health service;
3. without any ownership interest in residential property;
4. without any form of housing assistance; and
5. unable to pay (as computed in accordance with the DMHAS rental subsidy worksheet) the applicable Published Rent Standard for the SHC approved residential unit.

Consumer Rights and Obligations:

1. Consumers have the right to refuse all mental health services. However, consumers **must** admit a DMHAS representative or DMHAS contracted provider agency representative to the unit, monthly, to discuss progress toward wellness and recovery goals. The repeated failure to submit to the monthly wellness check may result in termination of the subsidy.

2. Tenant based consumers shall pay 40% of their adjusted gross household income toward the total rent. Project based consumers shall pay 30% of their adjusted gross household income toward the total rent. Adjusted gross household income is defined consistent with the SHC policies and procedures available at:
https://www.nj.gov/dca/divisions/dhcr/offices/docs/shc/shc_policies_procedures.pdf

3. Consumers must pay their portion of the rent directly to the landlord.

4. Consumers must provide current and accurate family income information and documentation at the time of application and at the time of application for renewal.

5. Consumers must notify the Supportive Housing Connection (SHC) in writing within thirty (30) days of any change in family income that is greater than \$100.00 per year.

6. Consumers must provide current and accurate information regarding ownership (individually and/or with any others) of any residential property. Consumers must notify the SHC in writing within thirty (30) days if they acquire or inherit (individually and/or with any others) any ownership interest in residential property.

7. Consumers must apply for Employment, General Assistance, Unemployment Benefits, Supplemental Security Income, Social Security Disability benefits and other

entitlements in order to obtain the highest income/benefit possible. If any application is denied, consumers must appeal the denial until all administrative appeals are exhausted or the issue is resolved. Consumers must provide SHC with copies of all decisions and findings respecting applications and appeals within fourteen (14) days of the consumer's receipt of same.

8. All DMHAS rental subsidy recipients must apply for, and demonstrate that they applied for, all forms of alternate rental assistance (including but not limited to Section 8 (Housing Choice) Vouchers, State Rental Assistance (SRAP), Public Housing, Section 811 Supportive Housing for Persons with Disabilities, Section 202 Supportive Housing for Elderly) and other available options, when waiting lists open or applications are published in local newspapers or provided to consumers for completion. The DMHAS or a DMHAS contracted provider agency staff may assist consumers. Consumers must provide SHC with written notice of any decision awarding them any form of rental assistance, within fourteen (14) days of the consumer's receipt of same, so DMHAS can transition consumers out of the DMHAS rental subsidy. Consumers are not eligible to receive a DMHAS rental subsidy while receiving any other housing subsidy.

9. Consumers must live in the approved unit full time. Full time is defined as at least ten (10) months per year.

10. Consumers (and other occupants/visitors) must comply with all of the terms of lease.

11. Consumers must pay and keep all utility expenses current.

12. Consumers (and other occupants/visitors) must use the unit for residential purposes only. No commercial activity is permitted.

13. Consumers (and other occupants/visitors) must comply with the law and may not engage in any activity that violates the health or safety, or the right to peaceful enjoyment, of other residents or persons residing in the immediate vicinity.

14. No person(s) may reside with the consumer unless the consumer obtains advance, written permission from DMHAS and if required by the terms of lease, the landlord. Occupants who reside with the consumer shall be required to pay one-half (1/2) of all rents. A consumer must make advance (thirty (30) days') written request to DMHAS for any person, including but not limited to a personal care aide/assistant, to reside with the consumer.

15. Consumers must provide DMHAS with thirty (30) days advance, written notice of any dependent children who seek to reside in the unit, and of any change in status of the dependent children (e.g. the child reaches 18 years of age and/or is no longer attending high school or undergraduate college full-time).

16. Consumers may not have any overnight visitors for more than a total of thirty (30) days (including consecutive and/or nonconsecutive overnights) during the consumer's twelve (12) month annual period, with the exception of court ordered child visitation.

Visitors who stay for more than thirty (30) consecutive and/or nonconsecutive overnights during the consumer's annual period, or who do not have another permanent address, will be considered "occupants" and shall be required to pay one-half (1/2) the total rent.

17. Consumers must provide SHC with fourteen (14) days advance, written notice if at any time consumers are, or will be, away from the unit for thirty (30) consecutive days or more.

18. Consumers must provide SHC with written notice, within fourteen (14) days of incarceration or conviction, if they are incarcerated for more than ninety (90) days, or convicted of a criminal offense for which they are sentenced to more than ninety (90) days of incarceration. Consumers are not eligible to receive a DMHAS rental subsidy if incarcerated for more than ninety (90) days.

19. Consumers must provide SHC with written notice, within fourteen (14) days of admission, if they are hospitalized. Consumers may be eligible to receive the DMHAS subsidy for up to six (6) months during hospitalization. Consumers may be eligible to receive an increased subsidy if their family income decreases during the hospitalization.

20. Consumers must give the SHC thirty (30) days' advance written notice of their intent to vacate or move from the unit.

21. Consumers must give SHC thirty (30) days' advance written notice of their intent to renew their lease.

22. Consumers must allow SHC access to inspect the unit annually, in the event of an emergency, and upon demand with advance notice.

23. Consumers may not sub-let the unit or assign the lease.

24. A consumer must reimburse the DMHAS contracted provider agency for any amounts the consumer owes provider agency for payments provider agency made to the consumer's landlord for rent, damages to the unit, or other amounts contained in a signed loan agreement with the provider agency.

Provider Agency Obligations:

1. Provider agencies shall ensure that all eligible consumers apply for all forms of alternate rental assistance (including but not limited to Section 8 (Housing Choice) Vouchers, State Rental Assistance (SRAP), Public Housing, Section 811 Supportive Housing for Persons with Disabilities, and Section 202 Supportive Housing for Elderly)) when waiting lists open or applications are published in local newspapers or provided to consumers for completion. Provider agencies must notify SHC in writing, within fourteen (14) days of receipt, of any decision awarding the consumer any form of rental assistance, so DMHAS can transition consumers out of the DMHAS rental subsidy. Consumers are not eligible to receive a DMHAS rental subsidy while receiving any other housing subsidy.

2. Provider agencies must complete and submit to DMHAS the Rental Subsidy Request Form (either the Vacant Subsidy Slot or Recycled Subsidy Request form) for any rental subsidies it seeks for a consumer.

3. Provider agencies shall inform consumers who are refusing mental health services that they must submit to a monthly wellness check (that is, they must admit DMHAS or a DMHAS contracted provider agency representative to the unit, monthly, to discuss progress toward wellness and recovery goals). Provider agencies shall also inform consumers who are refusing mental health services that the repeated failure to submit to the monthly wellness check may result in termination of the DMHAS subsidy.

4. Provider agencies shall assist consumers in providing all of the requisite forms and income documents at the time of the consumer's: (a) initial application; (b) application for renewal; (c) subsidy award; and (d) change in income. Provider Agency shall upload all documents to the SHC portal.

5. Provider agency shall keep a record of the consumer's DMHAS rental subsidy documents in the consumer's record/file. Provider agency shall attach the consumer's Rental Subsidy Agreement to the consumer service agreement (if applicable).

6. Provider agencies shall notify consumers of the limitations relevant to project based subsidies. More specifically, provider agency will inform consumers who receive a project based subsidy that they will lose the DMHAS subsidy if they vacate the unit or are evicted from the unit by operation of law.

7. Provider agency shall intervene whenever possible to help avoid evictions of subsidy recipients.

8. Provider agency shall notify DMHAS, in writing, as soon as practicable under the circumstances, whenever the consumer is going to be away from the unit (e.g., hospitalization, incarceration, etc.),

9. Provider agencies shall provide DMHAS with a copy of all eviction notices, notices to cease, eviction proceedings and warrants to evict a consumer, within fourteen (14) days of provider agency's receipt of same.

10. Provider agencies shall notify DMHAS in writing, within fourteen (14) days, of a consumer's relocation, lease termination, and/or ineligibility to receive a DMHAS rental subsidy.

Submitting Applications and Securing Apartments:

1. Applicants must complete and submit to SHC the Unit ID Form and Tenant Information Worksheet, along with the required income documents, within one business day of locating a potential unit.

2. Consumers must locate an approved unit within ninety (90) days of a DMHAS rental subsidy award or approval to move, or the subsidy will return to DMHAS. The size of the proposed unit may not be larger than the size (number of bedrooms) approved by DMHAS and communicated to the consumer by SHC, regardless of rent. The proposed rent may not exceed the Published Rent Standard for the applicable county/town.

3. All units must be inspected and approved by SHC. SHC will inspect the unit to ensure that it satisfies all Housing and Urban Development (HUD) Quality Standards. SHC will confirm that the proposed rent does not exceed the Published Rent Standard for the applicable county/town.

4. Consumers may not sign a lease agreement until SHC inspects the proposed unit and notifies the consumer that the proposed unit passed SHC inspection. Upon receipt of the notice of approval of the unit, a fully executed copy of the lease agreement (signed by the consumer and the landlord) must be provided to the SHC. No subsidy will be calculated or paid unless and until the fully executed lease agreement is uploaded to the SHC portal.

Lease Renewal

1. The lease renewal process is the same as a new application.

2. Applicants must complete and submit to the SHC a signed Consumer Agreement and the Tenant Information Worksheet, along with the required income documents.

3. Consumers must submit a notice to renew or a new lease agreement to SHC at least ninety (90) days prior to the expiration of the existing lease term. If the rent increases over the Published Rent Standard **at the time of lease renewal**, the consumer may either:

- a. Negotiate with the landlord to bring the rent within the Published Rent Standard;
- b. Pay, in addition to the consumer's percentage share of rent, the entire amount over the Published Rent Standard; or
- c. Relocate (in accordance with all relocation policies) to a new unit that is within the Published Rent Standard.

4. The consumer must give SHC access to inspect the unit. SHC shall confirm that the unit satisfies HUD Quality Standards and that the rent does not exceed the Published Rent Standard for the applicable county.

Note: Any municipality within the State of New Jersey may adopt an ordinance controlling rent increases. If a consumer believes a rent increase is excessive, the consumer should contact the municipal clerk to determine if a rent control ordinance exists and applies.

General Terms and Conditions

1. Subsidies are based on Adjusted Gross Household Income. Adjusted gross household income is defined consistent with the SHC policies and procedures available at: https://www.nj.gov/dca/divisions/dhcr/offices/docs/shc/shc_policies_procedures.pdf
2. Consumers must complete and submit to SHC an updated Tenant Information Worksheet along with the required income documents, annually (at least 90 days prior to the expiration of the annual lease term).
3. Consumers must complete and submit to SHC an updated Tenant Information Worksheet along with the required income documents, whenever there is a change in income that is greater than \$100.00 per year.
4. Consumers without dependent children shall not be approved for any unit larger than a one-bedroom unit, regardless of rent.
5. Rent may not exceed the current Published Rent Standard approved by the DMHAS Housing Office.
6. All units must satisfy HUD Quality Standards.
7. All units must be located in New Jersey.
8. All units must be one bedroom unless the consumer applies for and obtains an exception in accordance with this policy.
9. DMHAS rental subsidies cannot be used to pay rent to any member of the consumer's family.
10. DMHAS rental subsidies cannot be used for units located in Supervised Housing (Level A+, A, and B), Boarding Homes, Residential Healthcare Facilities, or Rooming Houses.
11. DMHAS rental subsidies cannot be used to pay any "pet" fees.

Dependent Children:

1. Consumers who seek to reside with a dependent child (or children) may qualify for a unit with more than one bedroom. However, no consumer may be placed in a unit with more than one bedroom without the prior, written approval of DMHAS. In calculating the number of bedrooms, DMHAS shall assume that a living room is used as a sleeping area.
2. The consumer (with the assistance of a provider agency if necessary) must request an exception to the one (1) bedroom limitation by writing to DMHAS. The written request must include a copy of all birth certificate(s) and any other legal documents needed to verify parentage/legal guardianship and residential custody. The documentation must

include the sex and ages (or birthdates) of each dependent child and must establish that the consumer has full residential custody of each child.

3. Consumers who are single parents with a dependent child under the age of seven will not qualify, or be considered, for more than one bedroom.

4. Consumers with multiple dependent children are subject to additional bedroom limitations. Subject to the availability of units, funding, certificates of occupancy restrictions, landlord residency caps, the ages of dependent children, the sexes of dependent children, additional bedrooms shall be shared by up to four (4) dependent children.

5. The term "dependent child" means: (a) a child under 18 years of age who resides with the consumer on a full-time basis (full residential custody); and (b) a child age 18 or older who is a full-time student in either high school or undergraduate college and who resides with the consumer on a full-time basis.

6. Consumers residing with a dependent child who reaches the age of 18 must provide written evidence that the child is a full-time high school or undergraduate college student. If the child is not a full-time high school or undergraduate college student, then the DMHAS rental subsidy will be lowered to the maximum one-bedroom Published Rent Standard at the time of lease renewal, unless the non-dependent child consents to pay one-half (1/2) the total rent. (If the consumer is in a three-bedroom apartment due to the presence of other younger children, the subsidy will be lowered to the two-bedroom rate, unless the non-dependent child consents to pay the applicable percentage of the rent.)

7. If a child vacates the unit, or is permanently removed from the home, the consumer shall be required to relocate to a one (1) bedroom apartment (or the next lowest bedroom size) at the end of the lease term.

Security Deposits

1. Consumers may qualify for a one-time payment by DMHAS of the security deposit needed to secure the unit. To qualify, the consumer cannot have Net Family Assets or savings in excess of \$2,000.00. Net Family Assets shall be calculated in accordance with SHC policy available at: https://www.nj.gov/dca/divisions/dhcr/offices/docs/shc/shc_policies_procedures.pdf One-time funds are only available on a single occasion at the time of the original award and are only available to qualified consumers.

2. All security deposits paid by DMHAS must be returned to DMHAS at the expiration of the lease and/or at the time the consumer vacates the unit. No security deposit paid by DMHAS may be used by either the consumer or the landlord to pay or offset any portion of the rent.

3. If DMHAS paid a consumer's security deposit and the consumer relocates to another unit with a DMHAS rental subsidy, the consumer may apply the funds to the new

security deposit. However, if the consumer loses the security deposit due to eviction, damage, etc., then the consumer shall pay the entire deposit on any new unit.

Evictions:

1. Consumers evicted from the unit may lose their DMHAS rental subsidy. The provider agency shall provide DMHAS with a copy of all eviction notices, notices to cease, eviction proceedings and warrants to evict a consumer, within fourteen (14) days of provider agency's receipt of same. DMHAS will determine, in its sole discretion on a case-by-case basis, whether a consumer will lose the rental subsidy or be permitted to relocate to another unit in accordance with written policy.

2. Consumers who receive a sponsor-project or project based subsidy will lose the DMHAS rental subsidy if they vacate the unit or are evicted from the unit by operation of law.

Termination of Rental Subsidy

1. DMHAS may, in its sole discretion, terminate a DMHAS rental subsidy for the violation of this policy, the consumer Agreement, or any lease provision.

2. DMHAS and/or SHC will provide written notice to the consumer of the violation(s). The notice will provide, "**Warning of Termination of Rental Subsidy**" and will give the consumer a specific deadline (depending upon the circumstance and gravity of the violation) to correct or cure the violation(s). DMHAS and/or SHC will provide a copy of the notice if applicable, to the provider agency.

3. If the consumer fails to correct or cure the violation(s) within the period specified in the Warning notice, then DMHAS and/or SHC will give the consumer formal, written notice of a **Suspension of DMHAS Rental Subsidy**. The notice of **Suspension of DMHAS Rental Subsidy** shall inform the consumer that if the violation(s) is not cured within fourteen (14) days of the date of Suspension notice, then the DMHAS rental subsidy will be suspended. DMHAS and/or SHC will provide a copy of the notice to the landlord and if applicable, the provider agency.

4. If the consumer fails to correct or cure the violation(s) within fourteen (14) days of the date of the Suspension notice, then: (a) no subsidy will be paid to the landlord for any rent that becomes due after the fourteenth day; and (b) DMHAS and/or SHC will give the consumer formal, written notice of "**Termination of DMHAS Rental Subsidy**." The notice of **Termination of DMHAS Rental Subsidy** shall inform the consumer that if the violation(s) is not cured within thirty (30) days of the date of Termination notice, then the DMHAS subsidy will be terminated.

5. Reduction or loss of the DMHAS rental subsidy does not relieve the consumer of any obligations under the lease. The consumer is responsible for all of the obligations under the lease, including but not limited to rent and charges for the remainder of the lease term and/or any lease renewals.

Furnishings and Limited Ancillary Expenses:

1. Consumers may qualify for limited, one-time funds for furnishings and utility start-up costs. To qualify, the consumer cannot have Net Family Assets in excess of \$2,000.00. In many cases, provider agencies with consumers who receive DMHAS rental subsidies have accruals that can be used to cover the furnishing and limited ancillary expenses. Providers must work with the DMHAS Program Analysts (for community consumers) or Olmstead Coordinator (for hospitalized consumers) for approval for use of these funds. If, however, accruals are not realized, Providers may apply for the one-time funds through their Program Analysts. One time funds may be used as enumerated below. One-time funds are only available on a single occasion at the time of the original award and are only available to qualified consumers.

2. Qualified consumers may apply, through the provider agency, to DMHAS for one time funds in an amount not to exceed \$3,000.00 for furnishings such as bed, dresser, kitchen table, chairs, sofa, lamps, cookware, clock, etc. The \$3,000.00 limit also includes: \$300.00 for groceries, cleaning supplies and paper goods; \$300.00 for entertainment equipment (TV, radio, etc.); \$400.00 for computer equipment; and \$150.00 for a bicycle. The consumer must incur the expenditure within thirty (30) days of the date of execution of the lease agreement. The consumer will not receive cash, checks, debit cards or gift cards. Instead, provider agency shall appoint a staff member to accompany the consumer to incur the expenses/make the purchases, or shall make payment directly payable to the appropriate third party payee. Provider agency shall maintain an itemized list of, and copy of receipts for, all purchases and expenses.

Re-use of Rental Subsidies:

1. No DMHAS rental subsidy can be assigned or transferred by either a consumer or provider agency.

2. Only DMHAS may determine eligibility and assign/reassign a DMHAS rental subsidy, including project and sponsor-tenant based subsidies still in existence.

3. Provider agency must exhaust all project and sponsor-tenant subsidies still in existence before it can request from DMHAS any other DMHAS rental subsidy.

Administrative Review:

If a consumer disputes the denial, reduction or termination of a DMHAS rental subsidy then the consumer may request, within 30 days of the notice of denial, reduction or termination, a review of the decision. The request should include the following information:

1. Consumer name and contact information;
2. Provider name, address, and contact person (if applicable);

3. Description of the reason why the consumer believes that the reduction, suspension or termination was inappropriate; and

4. To expedite review, attach a copy of all relevant documentation, including but not limited to application, renewal application, notices, decisions, and any additional documentation supporting the consumer's position that the DMHAS rental subsidy was inappropriately reduced, suspended or terminated.

The request should be submitted to: DMHAS Housing Office
5 Commerce Way, Suite 100
Hamilton, New Jersey 08691

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