Section 42(h)(6) of the Internal Revenue Code requires an extended low-income housing commitment of at least 15 years in addition to the compliance period. Such requirement is applicable to all properties awarded housing credits starting in 1990. The exact term of the extended use period for each tax credit property can be found in its Deed of Easement and Restrictive Covenant for Extended Low-Income Occupancy.

New Jersey Housing and Mortgage Finance Agency has established the following procedures to enforce compliance with the extended use agreement. Unless specifically addressed below, the compliance requirements during the extended use period shall remain the same as those requirements established by HMFA during the initial compliance period.

**Reporting Requirements and Monitoring Fees**

The Owner’s Certificate of Continuing Program Compliance and the annual Building Status Report shall be submitted by January 31 of each year during the extended use period, along with a monitoring fee of $20 per low-income unit. HMFA reserves the right to adjust the fee as needed to cover monitoring expenses.

**Monitoring Policy**

Each property shall be inspected at least once every five years, starting with the 5th year following the last inspection. Ten percent of the units (minimum of 3 and maximum of 15) shall be physically inspected and ten percent of the tenant files shall be audited. The units selected for file review may differ from those receiving a physical inspection.

NJHMFA reserves the right to inspect additional files, units, or buildings as needed to ensure compliance.

**Annual Recertification**

Owners shall not be required to complete a full recertification each year; however, shall have the resident complete a self-affidavit listing all household members, rent amount, and income. This self-affidavit shall be signed and dated by all members of the household, age 18 and older, and the project owner or management agent.

This form shall be completed at least once every 12 months.
**Applicable Fraction**

The applicable fraction for a building shall be determined by the unit fraction. Square footage of the units will no longer be used to determine the applicable fraction.

**Full Time Students**

HMFA shall not require documentation of student status.

**Unit Transfers**

Unit transfers from building to building shall be permitted regardless of whether a household’s income is over the applicable income limit at the time of transfer.

**Available Unit Rule**

If a household’s income goes over 140% of the applicable income limit, a currently vacant unit or the next available unit of same or smaller size in the same building shall be rented to a qualified household. This will be a one for one unit replacement.

**Eviction**

The eviction or termination of tenancy of an existing tenant of any low-income unit (other than for good cause) shall be prohibited throughout the term of the compliance and extended use periods.

**Noncompliance**

If an owner fails to comply with the monitoring requirements during the extended use period, a notice of noncompliance shall be issued. A 30-day period shall be allowed to correct any deficiencies. If an additional 30-day correction period is needed to correct the noncompliance, a request must be made in writing. If the noncompliance is still not corrected after the 30 or 60 days, the owner and/or management company shall be considered to be “not in good standing” with the Agency’s Tax Credit Division. Once the noncompliance is corrected, this designation shall be removed. As long as an owner or management company remains “not in good standing” they are ineligible to be part of the development team for any new tax credit awards. The Agency also has the right to enforce specific performance through the court system.