



## community development partnership

*Promoting a vibrant and diverse community on Lower Cape Cod*

### CDP HOUSING REHAB LOAN PROGRAM

Funded through the Wellfleet Regional Housing Rehabilitation Program serving year-round LMI (low-moderate income) residents of Wellfleet and Provincetown

### PRIORITIES OF THE PROGRAM ARE TO:

☀️ Provide code, health and safety upgrades in primary residences ☀️

☀️ Improve the supply of affordable-rent units for year-round tenants ☀️

Up to \$35,000 per unit is available for properties in Wellfleet and Provincetown

### PROGRAM OVERVIEW

The CDP Housing Rehab Loan Program is funded through an annual Community Development Block Grant awarded to the Wellfleet Regional Housing Rehabilitation Program by the MA Department of Housing and Community Development (DHCD) to help preserve existing housing stock and create new affordable rental units for year-round residents of Wellfleet and Provincetown—owner-occupiers or tenants— whose income qualifies according to LMI (low-moderate income) guidelines set by HUD.

The Community Development Partnership (CDP) has been the non-profit agency responsible for delivery of this funding as Wellfleet's sub-grantee since the program's inception in 2007. We perform all implementation, monitoring and reporting tasks according to DHCD guidelines on behalf of the Town of Wellfleet.

#### **GRANT PRACTICES AND PRIORITIES:**

It is part of the CDP's mandate to identify and solicit eligible applications from property owners in both Wellfleet and Provincetown. We do this through a variety of outreach initiatives, which include working with the active support of community partners in both towns.

Applications for loans are processed on a first-come, first-served basis. On occasion, once qualified, a project may be assessed and ranked against other qualified applications in terms of code priorities; any emergency need takes priority (e.g. failed heating system in winter). On occasion, the CDP must reject applications despite the presence of eligible work. Reasons for this may include: lack of program funds; conditions requiring substantial rehab beyond scope of the program; costs exceeding program limits; title issues; ineligible tenants; factors that suggest the borrower may be unable to comply with the terms of the program.

## I. PROPERTY GUIDELINES

### A. Owner-Occupied Single-Family Units (Primary Residence)

1. Loans structured as mortgages are made to owner-occupiers of single-family units to cover essential upgrades on a primary residence. The loan is secured by a property lien recorded at the Barnstable County Registry of Deeds. This lien is removed by a mortgage discharge after 15 years of compliance by the borrower has passed; each year of compliance reduces the loan by 1/15<sup>th</sup> until the balance reaches zero.
2. Borrowers must hold title to the property (LMI life tenants may apply as long as owner agrees and signs) and all title holders on a deed must agree to the loan by signing all legal documents.
3. The maximum loan amount of \$35,000 is available to rehab only a building lived in by the owner.
4. All loans are developed within a "moderate" rehabilitation framework for code, health and safety upgrades.
5. Borrowers must meet LMI income guidelines set out in the chart below according to household size.
6. Borrowers whose property does not remain their primary residence throughout the loan term must either pay back the loan or rent the property to a LMI tenant year-round at a fair market rent set by HUD until term end.
7. No penalties will be assigned as long as borrowers remain in compliance and notify the CDP of any changes of property status. (Town of Wellfleet will document compliance annually, by letter, for the term.)
8. The borrower may sell the property at any time during the 15-year term and pay back the incrementally reduced loan balance rather than the full loan amount. (Town of Wellfleet allocates this income to community projects.)
9. Direct heirs may assume the loan and its obligations if title to the property transfers before term ends.
10. On occasion borrowers are permitted or may be required to provide a portion of total costs; such funds are the sole responsibility of the property owner and must be verified prior to loan approval.

### B. Rental Units: Multi-, Single-Family, or Accessory Units in a Single-Family Residence

1. Loans structured as mortgages are made to owners of units in existing buildings to be upgraded or developed into new rental units that house LMI (low-moderate income) tenants year-round at fair market rents set by HUD.
2. The loan is secured by a property lien recorded at the Barnstable County Registry of Deeds. This lien is removed by a mortgage discharge after 15 years of compliance by the borrower has passed; each year of compliance reduces the loan by 1/15<sup>th</sup> until the balance reaches zero.
3. The 15-year deed restriction remains with the property for the full term of the loan. This may not be set aside, nor the loan paid back, in the event of a sale to a new owner.
4. Direct heirs may assume the loan and its obligations if title to the property transfers before term ends.
5. Properties with up to 7 rental unit(s) may be eligible for funding of up to \$35,000 per unit if they are not already deed-restricted as "affordable." Decisions on rental units are based on the income of the owner and tenant(s) in the property, the degree of construction required, and availability of program funds.
6. Landlords who like owner-occupiers qualify within LMI guidelines are eligible to apply for loans.
7. Landlords may also self-declare as "above income" and apply to receive loans as matching funds up to \$35,000 per unit.
8. Landlords must have income-certified existing or prospective tenant(s) in order to qualify for a loan. The CDP provides forms for income certification; tenant selection otherwise is the sole responsibility of the landlord.
9. Town of Wellfleet will perform an annual audit by letter, including verification of tenants and rents, throughout the 15-year term of the loan. (Non-compliance by owners risks default penalties.)
10. Acquisition of zoning variances and special permits are the sole responsibility of the property owner.

## II. HOUSING REHABILITATION LOAN TERMS

- A. Up to \$35,000 per owner-occupied or rental unit are conveyed in a Deferred Forgivable Loan (DFL) @ 0% interest for a 15-year term, secured by a property lien recorded at the Barnstable County Registry of Deeds.
- B. The 0% DFL is forgiven (reduces) by 1/15<sup>th</sup> annually, as long as the borrower(s) remain in compliance. The entire loan is forgiven and the recorded mortgage discharged at term end.
- C. Loan-related costs are included in the DFL and reflected in closing documents, including but not limited to title search, recording fee, credit check, lead inspection fees. Closing costs range between \$200 and \$850.
- D. A key aspect of this program is the ability to “leverage” funds to supplement funding by the CDP Housing Rehabilitation Loan Program. Cape Cod Five Cents Savings Bank offers up to \$50,000 for loans at more competitive rates than otherwise offered. Other possible sources of leveraged funds include: property owner’s funds, Barnstable County Septic Program, DOE’s Weatherization Program, the “HEARTWAP” heating assistance program, Cape Light Compact, and Keyspan Energy programs all offered through Housing Assistance Corp; USDA Section 504 loan/grant program; South Middlesex Opportunity Council’s Home Modification Program
- E. Lack of available dollars or credit does not preclude participation in this Program.

## III. PROPERTY CODE, HEALTH AND SAFETY REPAIRS AND UPGRADES

First priority of the program is to correct all code violations, structural and sanitary; this includes deleading if circumstances require it. Within DHCD guidelines, the program covers the upgrading of exterior items, including roofs, trim, gutters, entry doors, walkways, etc. Improving energy efficiency is also a key program goal. All repairs and upgrades must align with State, Federal and local building and safety codes and be approved according to state and local historic and environmental regulations. Some examples of typical rehabilitation work performed include: roof and siding replacement or repairs, window and door upgrades, well and septic upgrades, weatherization and heating upgrades, electrical and plumbing upgrades, handicapped accessibility, egress improvements.

## IV. PROGRAM TECHNICAL ASSISTANCE ON PROJECT DEVELOPMENT AND IMPLEMENTATION

The CDP Housing Rehabilitation Loan Program develops and implements projects through the services of licensed and insured rehab specialists and general contractors who have presented their credentials, including excellent references, to the staff program manager. The housing rehab specialist inspects the property and prepares a work write-up based on code issues that are present, in consultation with the homeowner and within DHCD budget limits. The work write-up is submitted to the homeowner for review and agreement before being sent out to bid by general contractors registered with the program. Once a project is under contract and construction, the CDP rehab consultant and program manager, or their designee, inspect the ongoing work through to completion of the project.

## V. REQUIRED INCOME-DOCUMENTATION

In addition to providing information requested on the application form, complete, accurate and up-to-date documentation of income is required of all applicants according to your particular circumstances.

*We recommend that you read through completely the notes charted on page 4 to understand what is required. Please call the Program Manager with questions so that she can help you avoid unnecessary delays.*

- ❖ *Income documentation is required for all members of the household 18+ years old and must be submitted before the CDP can perform the initial review.*
- ❖ *Send photocopies of all documents, not originals.*
- ❖ *Some documentation requires notarization. Notaries can be found at most local banks and Town offices.*

Please return a fully completed, signed and dated application form, including all information requested, along with the following valid documents:

|   |
|---|
| <p align="center"><b>SALARIED INCOME or UNEMPLOYMENT - for all Household Members 18 years old and over</b></p> <ol style="list-style-type: none"> <li>1. Pay stubs for most recent 8-week period for every member of your household working for an employer.</li> <li>2. Pay stubs for most recent 8-week period weeks of Unemployment Benefits.</li> <li>3. <u>Full-time students</u> or a household member <u>currently not working</u> must provide a notarized statement affirming this status.</li> </ol>  |
| <p align="center"><b>SELF EMPLOYMENT INCOME – for all Household Members 18 years old and over</b></p> <ol style="list-style-type: none"> <li>1. Copies of your <u>complete</u> IRS Tax Return 1040 for <u>2007 and 2008</u>, <u>including Schedule C and any other Schedule</u>.</li> <li>2. If the self-employed earner does not file taxes, a <b>Notarized Statement</b> reflecting your earnings and expenses for 2007 &amp; 2008. <u>This statement must include dates and addresses of jobs, the amounts paid, and related expenses, to determine your net profit.</u></li> </ol>  |
| <p><b>OTHER INCOME: verification of other income as applicable to Household Members 18+ years old</b><br/> <b>Benefit statements</b> for Public Assistance, VA, Unemployment, SS, SSI, disability and a verification letter or periodic statement from each pension/investment income source stating the amount and frequency of benefits.<br/> <b>Child Support</b>, either 1) Child Support Order and Divorce Decree; or 2) Notarized Statement that you are not receiving child support.</p>   |
| <p align="center"><b>ALL APPLICANTS and HOUSEHOLD MEMBERS 18 years old and over</b></p> <ol style="list-style-type: none"> <li>1. <b>Complete financial statements:</b> for the past 2 most recent months or most recent quarterly statement on all checking, savings, investment and retirement accounts.</li> <li>2. <b>IRS “1040 Return Transcripts” for every adult for tax years 2007 and 2008:</b> .You are responsible for <u>completing and sending</u> to the IRS <u>Request for Transcript form (Form 4506T)</u> included in this packet, requesting <u>1040 “Return Transcripts”</u> for tax years 2007 &amp; 2008. Done by mail or fax, the transcripts are sent directly to CDP in about 10 days. Done by phone (1 800 829 1040), asking for a <u>“1040 Return Transcript”</u> for 2007 and 2008, they are sent to you. <u>Send in the form even if you have not filed.</u></li> </ol> |

## INCOME GUIDELINES

### LMI (low-moderate income) limits for Barnstable County

Below are the total allowable LMI (low-moderate income) limits per size of household for qualifying for the CDP Housing Rehab Loan Program. LMI limits are set by HUD at 80% average median income for Barnstable County. Total income means all income from all Adults 18 years old or over living in the household. Household size means the total number of adults and children living in a household regardless of their relationship.

Landlords or potential landlords who are Above LMI Income are eligible to receive matching funds up to \$35,000 per unit to rehab or create a unit for year-round rental to house LMI tenants per HUD guidelines.

| <u>Household size</u> | <u>1 Person</u> | <u>2 Person</u> | <u>3Person</u> | <u>4 Person</u> | <u>5 Person</u> | <u>6 Person</u> | <u>7 Person</u> | <u>8 Person</u> |
|-----------------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>Income limit</u>   | \$43,450        | \$49,700        | \$55,900       | \$62,100        | \$67,050        | \$72,050        | \$77,000        | \$81,950        |

