

## HOUSING REHABILITATION LOAN PROGRAM

# OAK BLUFFS TISBURY EDGARTOWN CHILMARK AQUINNAH 2015

### Program Guidelines

The **RESOURCE INC. (TRI)** is a private, non-profit organization dedicated to providing solutions to the affordable housing and economic development issues facing the Towns of Martha's Vineyard. TRI is currently accepting applications for the ***Housing Rehabilitation Loan Program***, funded through the Massachusetts Department of Housing and Community Development (DHCD). These funds are applied for through a competitive grant process initiated by both the Towns of Oak Bluffs and Edgartown. These guidelines are provided to those interested in a program overview. Deferred forgivable loans of up to 35,000 at 0% interest are available to qualified applicants.

***The Housing Rehabilitation Loan Program*** grant priorities are to:

1. **Address the health and safety repairs in single-family, owner-occupied properties.**
2. **Increase and maintain the supply of affordable, year-round rental housing.**

### PROPERTY GUIDELINES: **Multi-Family and Single-Family Units.**

#### Owner Occupied Single-Family Homes

- A single-family property may be eligible for a rehabilitation loan based on the property owner's ability to meet grant income eligibility (low or moderate) guidelines. Please see the income eligibility chart to determine your eligibility according to household size.
- In some instances, single-family property owners may be required to provide a portion of the total rehabilitation costs. Funds beyond the portion provided by TRI are the sole responsibility of the property owner and must be verified prior to loan approval.
- The single-family property must be the property owner's (or direct heir, in the case of death prior to the end of the loan term) primary year-round residence. If at some point in the term of the loan the homeowner wishes to rent the property, it must be year round to income-eligible tenants at a below-market rent rate. TRI must be notified prior to renting the property. Please refer to Multi-Family Rental Units.
- Program eligibility is also based on repairs needed to bring property to code and safety requirements.
- Rehabilitation costs incurred prior to acceptance into the Program will not be eligible for reimbursement (this includes the cost of Septic Plans and application/Permit fees that homeowners may have purchased or incurred prior to acceptance and application qualification)

#### Multi-Family Rental Units

- Multi-family properties with one or more rental unit(s) may be eligible for the Loan Program, based upon the income of the current Tenants residing in the property, the amount of rehabilitation required and availability of program funds.
- Multi-family property owners may be required to provide a portion of the total rehabilitation costs. Funds beyond the portion provided by TRI are the sole responsibility of the property owner and must be verified prior to loan approval.

- Units rehabilitated with program funds must be rented to year-round, income eligible tenants at an affordable rent level for a minimum of fifteen (15) years. The affordable rent levels will be determined in accordance with the lower of HUD Fair Market or High Home Rent guidelines.
- To be determined “income eligible”, tenants must provide documentation of their annual income. (Please refer to the Income Eligibility Chart on page 3 of this document) Tenant income information is documented to insure those benefiting from the Housing Rehabilitation Loan Program are within the low and moderate-income range. Forms to verify tenant income will be provided by TRI.
- ***NOTE: Tenant income eligibility is an important component of the Housing Rehabilitation Loan Program. If tenants do not supply the proper information, it may jeopardize the property owner’s ability to receive a Housing Rehabilitation Program Loan.***
- The Town of Oak Bluffs
- and Edgartown will perform annual audits, including verification of tenants and rents for the fifteen-year duration of the loan. If the property owner is considered to be in non-compliance, TRI will work with the property owner to address the non-compliance. If no resolution is met, the loan will be considered in default.
- It is the responsibility of the property owner(s) to contact TRI to request tenant income documentation packets for prospective tenants. Once the completed information is returned to TRI, a determination of tenant eligibility will be made.
- Tenant selection beyond income eligibility is the sole responsibility of the property owner(s).

## THE HOUSING REHABILITATION LOAN:

- The rehabilitation funds for owner-occupied single-family homes and rental properties operate as a **0% Deferred Forgivable Loan**.
- The **0% Deferred Forgivable Loan** will be forgiven at a rate of 1/15<sup>th</sup> per year provided the property owner(s) are not in any way in default. On the 15<sup>th</sup> anniversary of the loan date the ***entire loan*** will be forgiven and the recorded mortgage discharged.
- Loans are secured by a property lien (Mortgage) for the term of the loan, recorded at the Dukes County Registry of Deeds/ Registry District of the Land Court.
- Loan closing costs are included in the Mortgage and Promissory Note amounts. Loan closing costs may include, but are not limited to, title searches and Dukes County Registry of Deeds recording fees. Typical closing costs average between \$250 and \$450.
- A key aspect of this program is the ability to “leverage” funds to supplement the Housing Rehabilitation Loan Program. Martha’s Vineyard 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 contribution, Dukes 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, and the USDA Section 504 loan/grant program; and South Shore Housings (SMOC) Home Modification Program. *Lack of available dollars or credit will not preclude participation in this Program.*
- If the property is sold or transferred before the loan term restriction has expired or if there is a default by the Borrower, the remaining portion of the loan must be repaid.

## PROPERTY REPAIRS:

- Repairs include bringing the property into alignment with State, Federal and local building and safety codes. Other general property repairs, specifically those classified as ‘health and safety issues such as the presence of lead paint, must be addressed with loan funds.
- This is a "Moderate Rehab Program. Please refer to the attachment labeled "Required and Ineligible Housing Rehabilitation Items" for a more specific breakdown of the types of rehabilitation allowed.

- Types of eligible rehabilitation work performed include, but are not limited to: roof replacement, Failed Septic System replacement, heating system replacement, electrical and plumbing upgrades based upon code requirements and ingress/egress improvements.; Please refer to "Required and Ineligible Housing Rehabilitation Items" attached hereto for a more specific breakdown

## PROGRAM TECHNICAL ASSISTANCE:

- The Housing Rehabilitation Loan Program provides the services of a construction consultant who inspects the property and provides specifications and estimates for the repair. Once a project is under construction, the consultant, and the TRI Program Manager, or their designee will inspect the ongoing work through the completion of the construction.

## GRANT PRIORITIES:

- Once accepted into the Program, each unit in which an income eligible tenant or homeowner resides will be inspected and ranked against the other applications in process, according to critical code violations. In an emergency situation (e.g. failed heating system in winter or failed Septic system constituting a health hazard), the eligible applicant will become a priority so that critical violation(s) can be corrected. These steps will assure that the Program will address the neediest properties.
- On occasion, the Housing Rehabilitation Loan Program must reject applications despite the presence of eligible work. Reasons for ineligibility may include: lack of program funds; property repairs in excess of program budget; ineligible repairs, required rehab exceeds program limitations, property title issues; ineligible tenants; or other factors that suggest the borrower may be unable to comply with the terms of the conditions of the program.

**Income Eligibility Chart  
(80% of Area Median Income -2015)  
Dukes County - MA**

<u>Household Size</u>	<u>Maximum Income Limits</u>
1	\$46,100
2	\$52,650
3	\$59,250
4	\$65,800
5	\$71,000
6	\$76,350
7	\$81,600
8	\$86,900

**Single-family property owners cannot exceed income limits.  
Tenants residing in units cannot exceed income limits.**

## QUESTIONS?

Please feel free to call **Melissa Vincent** , Program Manager for The Resource Inc on Martha's Vineyard, or **Sandra Webster** Administrative Assistant at (508) 696-3285.