

# **TOWN OF AYER HOUSING REHABILITATION PROGRAM GUIDELINES**

## **Introduction**

The Ayer Housing Rehabilitation Program (the Program) provides 15-year, 0% interest, Deferred Payment Loans (DPLs) for general rehabilitation and grants for lead paint hazard inspection to owners of single and multi-family (up to seven units) residential properties in the Ayer Sustainable Development Target Area. The program is funded through a Massachusetts Community Development Block Grant (MCDBG) from the Commonwealth of Massachusetts Department of Housing and Community Development (DHCD). The primary eligibility criteria, which must be met by owners wishing to participate in the program, are:

**Location:** Eligible properties must be located in the Ayer Sustainable Development Target Area. The boundaries coincide with those of the Census Tract 3251, Blocks 3, 4, 5, & 7.

**Principal Benefit:** At least 51% of the units in the structure must be occupied by low- or moderate-income households, as defined by HUD (see Attachment A). All single-unit properties must be occupied by a low- or moderate-income household. In a two-unit structure, one or more of the two units must be occupied by an income-eligible household. In a three- to seven-unit property, at least 51% of the units must be occupied by low- or moderate-income households.

## **A. ELIGIBILITY OF PROPERTY**

1. **Eligible Properties:** Single family, multi-family (up to seven units), residential properties within the Ayer Sustainable Development Target Area are eligible for assistance. Up to 20% of program funds may be used for emergency cases located throughout the Town of Ayer.
2. **Property Condition:** Properties must be "substandard" as defined by the presence of one or more major code violations to participate in the program.
3. **Taxes, Water/Sewer Payments:** To be eligible for participation in this program, the property's taxes and water/sewer payments must not be delinquent, or the owner must have entered into an arrangement to repay the delinquency and must be in compliance with said arrangement.
4. **Credit Status:** All mortgages or promissory notes secured by the property must be in good standing. Applicants who are in bankruptcy proceedings must demonstrate that the participating property will not be affected in any way by the bankruptcy. The property must not have state or federal tax liens. Applicants should inform Program staff if existing mortgages or promissory notes secured by the property are not in good standing (e.g. in arrears, default or foreclosure). Additionally, the applicant should inform Program staff if he/she is involved in bankruptcy proceedings. The Program will not provide assistance to applicants who have not resolved issues pertaining to the above.
5. **Flood Insurance:** Properties located within the 100-year floodplain must have flood insurance to participate in the program. If this additional coverage must be purchased, the first year's premium may be paid with program funds.

## **B. ELIGIBILITY OF THE APPLICANT**

1. **Owner-occupants:** If the property is owner-occupied, the property owner's household income must be at or below the HUD-defined low- and moderate-income limits for the Boston-Cambridge-Quincy HMFA, which represents 50% and 80% of median income (Attachment A). Owner-occupants of multi-family properties may be eligible for program assistance regardless of income, if their tenants are low- and moderate-income. (See Section E.3.) Income verification, in accordance with MCDBG standards, is required. (Attachment B) An applicant's household size will be established at the time the application is activated for determination of eligibility. In the case of jointly owned property, only the incomes of the actual household residents will be counted.
2. **Investor-owners:** Rental units may also qualify for assistance through the program if the tenants meet the applicable income guidelines. The income limits for tenants are the same as mentioned above and in Attachment A. The same standards used for owner-occupants will be employed to verify tenant incomes.
3. **Prior Program Participants:** Prior program participants will be eligible for assistance if the following policies prevail:
  - a) Applicants who receive assistance from the program will not be assisted again within a five year period from the date of the Assistance Agreement if they have already received the maximum amount of assistance allowable for their project. This policy is applied on a per property basis. Should an applicant own more than one property, multiple properties may be assisted within the five-year period. However, in accordance with Section C.I. below, only one property may be assisted per program year. This provision does not apply to properties in which there is a bona fide emergency condition as defined in Section D of these guidelines.
  - b) If an emergency situation exists, as defined in Section D below, the Program Coordinator can authorize assistance to allow for the repair of the emergency condition.
  - c) Once assisted, applicants seeking additional assistance are required to submit a new application.
  - d) Assistance provided in either case will be secured by a new lien.

## **C. OTHER CONDITIONS OF PARTICIPATION**

1. **Frequency of Participation:** An owner's participation in the program is limited to one property per program year (fiscal year of grant funding). For purposes of this program, "property" is defined as one or more buildings containing residential units on a single parcel (as described by the legal description on the deed) and/or single deed. If a "property" has been assisted under the provisions of an "emergency application," it will be eligible for further assistance under the normal waiting list provisions.
2. **Ownership:** For applicants seeking status as owner-occupants, ownership of the property must be in the name(s) of a real, living person(s). The title to the property must clearly establish that the

occupants are the owners of the property. Applicants must be able to clearly demonstrate who owns or has beneficial interest in the subject property.

3. Household Size: Household size will be determined as of the date of the first request by program staff for income documentation. In the event that there is a change in household size before a determination of income-eligibility is made, the program may review the eligibility of the project in light of the change.
4. Prior Work: Owners may not be reimbursed for projects undertaken prior to approval and authorization under the program.
5. Town Employees, Officials and Staff: Program staff, and any other Town employees or officials, who may have authority with respect to the administration of the MCDBG, are not eligible to receive program assistance. The program will obtain a determination from Town Counsel concerning conflict of interest for any Town employee requesting assistance. Conflict of interest determinations are subject to the provisions of MGL Chapter 268A and DHCD conflict of interest policies.
6. Rental Agreement: All owners of rental units will be required to execute a Rental Agreement that ensures that for a period of fifteen (15) years after rehabilitation, a minimum number of assisted housing units will remain affordable and available to low- and moderate-income households. Rents for occupied low- and moderate-income units assisted will be maintained at the base rent. The base rent is the actual rent level for the unit at the time the application for housing rehabilitation is activated for processing by the Town. If any utilities are included in the unit's initial rent, they must also be included in the base rent.

For units vacant at the time of the owner's application, the base rent must be set at a level that is at or below the Section 8 Existing Housing Program Fair Market Rents including adjustments for utility costs or the High HOME rents.

When units occupied by over-income tenants at the time of rehabilitation become vacant, the rent for the unit will be set at a level that does not exceed the lesser of the Section 8 Existing Housing Program Fair Market Rents including adjustments for utility costs or the High HOME rents. For all units, rental increases can occur only at the end of an existing lease or annually, upon completion of the rehabilitation work. Increases are limited to the HUD Annual Adjustment Factors (AAFs).

7. Affordable Housing Restriction: Owner-occupied properties with more than four units and investor-owned properties are required to execute an Affordable Housing Restriction (AHR) agreement in order to receive assistance. The AHR includes language restricting rent levels in low- and moderate-income units for a minimum of 15 years and is recorded at the Middlesex County Registry of Deeds. The AHR runs with the land and the terms are transferred to a new property owner should the property be sold or transferred during the term of the AHR.
8. Condominia/Cooperatives: For the purpose of determining eligibility and the level of assistance from the program, condominia/cooperatives will be qualified on the basis of the tenure and occupancy of the individual unit, with each unit being considered as a single family property. However, for participating units where rehabilitation is required for commonly owned areas, program assistance

will be based on a pro rate share. The condominium association/cooperative will be required to fund the cost of the prorated balance not attributable to the unit(s) assisted through the program.

Condominium/Cooperative owners must have the approval of their association to perform any exterior or common area work described in the work write-up. If required in the condominium documents of a given development, approval may be necessary for interior rehabilitation as well.

9. Floodplain Requirements: Properties located within the 100-year floodplain must have flood insurance to participate in the program. If this additional coverage must be purchased, the first year's premium is an eligible program expense.
10. Falsification of Information: If an applicant falsifies information or provides misleading information in an application, the applicant will be permanently disqualified from participating in the Program.

#### **D. ASSISTANCE TO EMERGENCY CASES**

Applications for emergency assistance will be accepted. An emergency is defined as a situation with an immediate threat to the building's integrity or the health and/or safety of the property's occupants as determined by the Rehabilitation Specialist and confirmed by the Building Inspector, other Town inspector, and/or the Program Coordinator. This includes emergencies related to lead paint, i.e. where a child has dangerously elevated blood lead levels >10 micrograms per deciliter as verified by a physician, and handicapped accommodations to improve the resident's ability to continue to live in the dwelling. Emergency cases will be handled as follows:

1. An application for emergency assistance will be made by the owner as part of the application for assistance, or for those already on the waiting list, when an emergency situation occurs.
2. The Rehabilitation Specialist will inspect any emergency conditions as well as check for other emergency conditions that might exist in the property.
3. The appropriate Town inspector or the Program Coordinator will confirm the existence of any emergency conditions.
4. The Rehabilitation Specialist may consider a recommendation that the entire rehabilitation project be pursued as an emergency based on the profile of the client, the condition of the property and/or the position of the applicant on the waiting list.
5. If an emergency condition has been determined to exist, the application will receive priority status by being moved to the front of the waiting list. The owner will be notified in writing of the change in case priority and be provided with an Emergency Assistance Agreement.
6. The Emergency Assistance Agreement will specify the emergency conditions as identified above. The Agreement will request that the owner certify that the conditions identified are the only emergency conditions. The Agreement will state that only the emergency conditions will be repaired and will request certification by the owner that if the property is eligible for non-emergency assistance, non-emergency repairs will be completed when the application comes up in its normal order on the waiting list. By signing the Agreement the owner will also acknowledge that further

assistance will be contingent upon the household meeting the income guidelines in effect when the application is considered in its normal order.

## **E. TYPE OF ASSISTANCE**

Financial assistance for lead testing, if required, shall be provided as a grant for low- and moderate-income owner-occupied single family and multi-family properties. Financial assistance for general rehabilitation will be available in the form of a 15-year, 0% interest, Deferred Payment Loan (DPL). If the property is transferred to a new owner within 15 years of project completion, repayment of the DPL will be required. This provision applies to arms-length transactions to non-interested parties for which real consideration is given. Should the property be transferred to an heir, successor or assign, repayment of the lien is not required. Financial assistance will be provided at the following levels:

1. **100% Deferred Payment Loans:** Full DPLs will be available to eligible low-income owner-occupants up to the per unit cap.
2. **75% Deferred Payment Loans:** For moderate-income owner-occupants of single or multi-family properties, the program will provide 75% of the project cost, up to the per unit cap.
3. **50% Deferred Payment Loans:** Non-occupant investor-owners are eligible for a DPL of 50% of the project cost, up to the per unit cap. In addition, over-income owner-occupants of multi-family properties are eligible for a DPL of 50% of the project costs as long as a minimum of 51% of the units (50% for a two-family) are occupied by low- and moderate-income households. The required contributions of non-occupant investor-owners or over-income owner-occupants may not be waived.
4. **Assistance for Lead-based Paint Hazard Reduction/Abatement:** Grants for the full cost of lead testing and lead paint hazard reduction will be provided to low- and moderate-income owner-occupied single-family and multi-family properties if the lead work is required for participation in the program. However, should such lead work result in the installation of new materials such as windows, replacement doors, vinyl siding, coil stock, etc., costs associated with the installation of these items are subject to owner match requirements and will be included in the lien amount. Homes constructed after 1978 do not require testing. Multi-unit properties with rental units with one or more bedrooms and homes where children under six (6) years of age reside are required to be de-leaded under Massachusetts law. In addition, the federal lead paint laws are triggered by the amount of federal funds estimated for expenditure due to the rehabilitation of the property, exclusive of lead paint hazard reduction. The Housing Rehabilitation Specialist is responsible for determining when lead testing is required based on the scope of work to be accomplished.

Investor-owners and over-income owner occupants of multi-family properties will receive full assistance to cover the costs associated with required lead-based paint hazard reduction/abatement. However, this assistance will be provided as a 0% interest DPL and will be included in the lien amount. In addition, costs of lead work resulting in the installation of new materials (see examples above) are subject to owner match requirements.

5. **Owner's share of project costs: Match Contributions:** Owners who are not eligible for 100% assistance must fund their contribution through private resources (i.e. bank loan, savings, etc.). However, if a moderate-income owner-occupant adequately documents an inability to secure the

necessary private funds, in some circumstances, the program may provide up to 100% of the project cost. Owners' requests for waivers of their contribution must be accompanied by proof that a bank has denied a loan request for the funds. The owner must also authorize program staff to review the bank application for the rejected loan to determine the basis for the rejection, and if there are any conditions under which the loan, or a loan for a lesser amount, will be approved. In addition, a supplemental form must be completed that lists asset information. Investor-owners and over-income owner occupants are not eligible to receive waivers.

*Costs over the Program Limit:* If the CDBG cost exceeds the Program maximum, owners are required to cover the amount over the limit. Low-income owners may request a waiver of this contribution after demonstrating insufficient liquid assets. Waiver requests from moderate-income owners will be processed in the same manner as those sought to cover the cost of "match contributions" above. Such waivers may also require approval by DHCD.

*Reservation of Assets:* Owners are allowed to reserve assets representing the total of four months of the applicant's mortgage principal, interest, taxes and insurance (PITI) for the subject property and not use these resources for their program contribution. If it is determined that the owner's total liquid assets are less than the required matching funds, the property owner could request a waiver for that portion of the contribution not covered by personal assets.

In the event that a household's income is largely ( 80%) from fixed income (e.g. social security), in addition to retaining PITI for four months, the owner will be permitted to have other liquid assets (e.g. savings accounts, CDs, mutual funds, stocks, retirement accounts, etc.) before contributing to project costs, as follows: \$25,000 for the first household member and \$10,000 for each additional member.

## **F. REPAYMENT OF DEFERRED PAYMENT LOANS**

All financial assistance provided through the program is secured by a 15-year lien filed with the Middlesex County Registry of Deeds. This prevents speculation and allows owners to remain in their homes after rehabilitation without additional monthly debt. No interest is accrued, and repayment of the loan is not necessary as long as the original applicant or immediate heir(s), successor(s) or assign(s) retains ownership of the property. The loan remains in effect for 15 years. If the property is sold, mortgaged or transferred to a non-interested party for which real consideration is given during these 15 years, the DPL becomes due and repayment is required at the time of the transaction. The repayment schedule is as follows:

Years 1-5: 100% repayment

Years 6-15: Depreciating at a rate of 1/10<sup>th</sup> of the original DPL per year

Year 15 + 1 day: 100% forgiven

On a case-by-case basis, if hardship can be demonstrated, a homeowner may apply through the Community Development Office to the Community Development Advisory Committee (CDAC) for a waiver of a portion of the lien repayment or total forgiveness of the loan.

## **G. MAXIMUM PROJECT COSTS**

The base project cap is \$30,000 per unit. Base cap increases are available for deleading, asbestos removal, septic replacement, accessibility retrofits, and structural repairs needed due to deteriorating structural conditions or deficiencies (\$5,000 per activity). In addition, costs related to retaining the exterior integrity of an architecturally or historically significant property may be eligible for up to \$5,000 in additional funds. Total project costs including base cap increases are limited to \$35,000. In some circumstances waivers of the maximum project costs may be allowed up to maximums of \$40,000 per unit total for low- and moderate-income owners and \$35,000 per unit total for investor-owners and over-income owner occupants of multi-family properties. However, all cases receiving more than \$35,000 in assistance must receive a waiver from DHCD.

In cases where the Housing Rehabilitation Specialist's estimate is significantly higher than the project cap for a rehabilitation case, the Rehabilitation Specialist will review the scope of work to be performed and reduce it where possible. The homeowner and the Rehabilitation Specialist may agree to list alternates to the bid specifications in an effort to keep the project within the cap allowed. If the low bid exceeds the project cap, the program will ask the property owner to finance the difference. If the owner can demonstrate an inability to provide the gap financing, a waiver of the project cap may be sought.

DHCD waivers will be sought for all cases receiving greater than \$35,000 in assistance. However, if the assistance exceeds \$40,000 per unit for low-and moderate-income owner occupants, the waiver request will be first presented to the Ayer CDAC. Cases referred to the CDAC will be presented anonymously. If the CDAC approves the waiver request, it will be forwarded to DHCD's Community Development Block Grant Program office for approval. If approved, the project will then go forward. If the waiver is denied by either the CDAC or DHCD, the project will be terminated. Assistance beyond \$35,000 per unit will not be provided to investor-owners and over-income owner occupants of multi-family properties without exception.

## **H. SCOPE OF WORK**

1. The primary purpose of the program is to correct code violations and substandard living conditions, including the removal of the health hazards associated with lead paint and asbestos. The program will address serious code violations and incipient code violations. Additional optional home improvement may be allowed subject to budget constraints and the nature of the improvement. Priority projects are:

- a) Code violations of the Massachusetts Sanitary, Building, Electrical and Plumbing codes, including the removal of hazardous materials (See Section I);
- b) Lead based paint hazard reduction and deleading, the extent of which is determined by the amount of funds being expended, presence of children six years old and under, and rehabilitation of rental units with one or more bedrooms;
- c) Serious building maintenance deficiencies, deteriorated roofs, structural deficiencies;
- d) Replacement of obsolete or inefficient heating systems;
- e) Septic repair or replacement;

- f) Building weatherization and energy efficiency improvements, such as window/door replacements, insulation, storm windows, and
  - g) Incipient conditions, which if left unaddressed would qualify for the above priorities.
2. All improvements must be attached to the property and must be permanent in nature.
  3. Ineligible items include obvious luxury construction (pools) and other items, non-residential structures, etc.
  4. Any questionable items considered for rehabilitation assistance shall be reviewed by the Program Director, the CDAC and/or the Town's MCDBG representative prior to final approval.
  5. Correction of code requirements determined necessary by the Rehabilitation Specialist/Building Inspector will be considered non-negotiable items that are to be corrected.
  6. Properties which have been determined to be or are potentially historically and/or architecturally significant shall be reviewed with the State Historic Preservation Officer (SHPO) to avoid any adverse effects on properties of this nature. The Secretary of the Interior's Standards for Rehabilitation shall be used as program guidelines for such structures that are greater than 50 years of age.

## **I. PROCEDURES FOR REMOVING LEAD PAINT AND ASBESTOS**

Persons temporarily displaced as a result of the removal of lead paint or the abatement of asbestos may appeal to the Program Director for temporary displacement benefits. Section R below outlines temporary relocation procedures for the Ayer Housing Rehabilitation Program. Those considered eligible to receive temporary displacement benefits will be notified of their eligibility at least 30 days prior to the estimated relocation date.

1. **Lead Paint Removal:** A lead paint inspection and risk assessment will be conducted by a qualified and insured inspector. Specifications will be developed based on the applicable state and/or federal laws. For projects receiving over \$5,000 and less than \$25,000 of general housing rehabilitation assistance, under the effective revised lead paint regulations, a risk assessment will identify those lead paint hazards requiring interim control measures. Projects receiving \$25,000 or more of housing rehabilitation assistance and found to have lead paint will be fully abated. The inspection report will identify levels of hazard, prioritize the risk, and recommend interim measures of abatement or full abatement depending on the amount of housing rehabilitation assistance which the property is estimated to receive. All dwellings where children under the age of six years reside will receive abatement regardless of the general rehabilitation cost of the project. All occupants will be relocated during the de-leading process. All deleading projects will be performed by qualified, certified, and insured deleading contractors.
2. **Asbestos Abatement:** An inspection of the affected property will be made by a qualified industrial hygienist certified in asbestos inspection and abatement. The inspection report will determine all areas of asbestos removal or encapsulation. Contractors selected to perform the abatement work must be qualified, certified and insured to perform such work. A qualified and certified industrial hygienist



hired independently by the Rehabilitation Program will monitor the project and conduct all required air sampling tests. If relocation is necessary as a result of asbestos abatement, it will be provided as described in Section R.

## **J. APPLICATION PROCESS**

1. The Town will continue to utilize the current property owner waiting list. Any new applications received will be placed at the end of the waiting list in the order in which they are received by the Community Development Office.
2. The Town will solicit applications from interested owners through such means as press releases, direct mailings, public notices, etc.
3. Applications from interested property owners will be accepted by mail or in person at the Ayer Community Development Office, 1 Main Street, Ayer, MA 01432.
4. Applications that cannot be determined to be eligible for program assistance due to the applicant's failure to respond to information requests in a timely manner will be closed. If an applicant wishes to reapply to the program, the application will be placed at the end of the waiting list.

## **K. SELECTION PROCESS**

1. Applications will be assigned a case number on a first-come, first-served basis.
2. Program staff reserves the right to assign priority status to any emergency application as necessary. An emergency is defined in Section D above.
3. Applications not processed by the current program will be kept on a waiting list for any future programs. They will be processed in the established order if/when funds are available.
4. Owners, who have applied and been found ineligible, may reapply. However, new applicants will be placed on the waiting list and assigned the next waiting list number.
5. Applicants who do not submit requested information in a timely fashion will receive a written warning that if the information is not supplied within a specific time, their applications will be closed and removed from the waiting list. However, the applicant may re-apply at any time. The new application will be assigned the next number on the waiting list.

## **L. INCOME VERIFICATION PROCESS**

1. Owners appearing to meet eligibility criteria based upon preliminary review of their application will be required to submit:
  - a) their most recent federal income tax return(s) (if filed) and income documentation materials that meet MCDBG requirements for all occupants of the unit(s).

- b) a copy of the deed to the property.
- 2. Program staff will determine the eligibility of the applicant and property. Applicants will be notified in writing of the decision.
- 3. Applicants denied participation in the program can appeal the decision according to the established grievance procedures described in Attachment C.
- 4. The applicant will be provided with information regarding the requirements and procedures for receiving program assistance.

## **M. REHABILITATION PROCESS**

- 1. After the property owner is deemed eligible for program assistance, the Rehabilitation Specialist will schedule a meeting to conduct a preliminary inspection and discuss work items the owner may want to include in the project. Depending on the age and nature of the building and/or the age of the property's occupants, an inspection by a certified lead inspector may be required.
- 2. The Rehabilitation Specialist will prepare work specifications and a cost estimate of eligible rehabilitation items for the owner's review.
- 3. The Rehabilitation Specialist will meet with the owner to make necessary changes to the specifications and will obtain the applicant's approval of the work write-up.
- 4. Bids will be obtained from contractors through the process described in Section O below.
- 5. Bids received will be reviewed with property owners. The Town will base its funding on the low bid amount, provided that it is a responsible bid. Owners may select any bidder provided that they pay the difference between the low bid and the selected bid.
- 6. The property owner must select a contractor within 14 days of the bid opening.
- 7. Program staff will prepare an Assistance Agreement between the owner and the Town, and contracts between the owner and the selected contractor.
- 8. Periodic inspections will be conducted by the Rehabilitation Specialist during construction. As part of the above process, all contractors' invoices will be checked against the actual work done before any payments are made. Payments will be made in the form of two-party checks issued to the contractor and owner. The Rehabilitation Specialist will sign a form approving payment to the contractor prior to the payment being processed. The owner's signature on payments will serve as approval of the work completed. Program funds are disbursed only after all private funds are released for payment to contractors. Private funds are released in accordance with the above procedures.
- 9. At the completion of work related to lead removal, a certified lead inspector will re-inspect the property.

10. At the completion of the job, a final inspection will be performed by the Rehabilitation Specialist and property owner. If there are no deficiencies in the work and all Town-required permits have been signed by the appropriate Town Inspector, a Certificate of Final Completion will be signed by the Rehabilitation Specialist and the property owner.
11. If any deficiencies are found during the final inspection, they will be communicated to the contractor through a punch list signed by the owner. The punch list will be prepared by the Rehabilitation specialist. Once all punch list items are satisfactorily completed, the Rehabilitation Specialist and the property owner will sign the Certification of Final Completion.
12. A 10% retainage is held by the program until all work has been completed. The retainage will be released no later than one month after all contract obligations are fulfilled.
13. When all of the above has been completed, the contractor will be issued the final payment on the job.

## **N. CONTRACTOR PARTICIPATION**

1. The program will solicit participation by as many local building contractors and subcontractors as possible. Contractors will be notified of the opportunity to participate in the program through direct mailings, advertisements in local papers, and announcements posted in key locations. The program will also solicit contractor recommendations from homeowners and town officials.
2. Minimum requirements for contractors include:
  - a) A Massachusetts Construction Supervisors license or trade license.
  - b) Registration as a Massachusetts Home Improvement Contractor.
  - c) Workman's compensation insurance at statutorily required limits.
  - d) Property and liability insurance. Contractors shall furnish the Town with a Certificate of Insurance including liability insurance with limits not less than \$300,000, and property damage insurance with not less than limits of \$500,000 to protect the Town, property owner, and any sub-contractor against claims for injury and damage which may occur or result from work performed pursuant to this Agreement. The Contractor's Certificate of Insurance shall list the Town of Ayer as an additional loss payee.
  - e) Certificate of completed training in Safe Work Practices for the leader of the crew or all persons working on the project, if unsupervised.
  - f) Demonstrated experience in the appropriate trade(s).
  - g) A good business credit history.
3. Each contractor must fill out a registration form listing references and licenses and submit a certificate of insurance prior to receiving a contract award. References will be checked by the Rehabilitation Specialist.

4. Once registered with the program, contractors will receive notice of projects when they go out to bid. Homeowners wishing to use contractors not included on the list may do so, provided the contractor registers with the program and submits the proper insurance certificates and references.
5. Contractors must take out all required permits prior to initiation of construction. The cost of the permits is to be included in the bid price.
6. If a participating contractor's performance or quality of work is unsatisfactory in the opinion of the Rehabilitation Specialist, the contractor shall be issued a written notice describing specific problems with the contractor's work. This notice shall serve as a warning. If the problems, as outlined in this notice, are not addressed, then, based upon the opinions of the Rehabilitation Specialist and the Program Director, the contractor may be barred from working in the program.

## **0. CONTRACTOR BIDDING PROCESS**

1. The work write-up and specifications must be approved by the property owner prior to initiating the bidding process.
2. Once approved, an Invitation to Bid will be sent to all contractors who have registered with the program and are appropriate for the job. The Invitation to Bid will identify the type of work to be completed and the date, time and location where bids will be due. All bids will be due at a prescribed time and place.
3. The Rehabilitation Specialist will conduct a pre-bid meeting at the project site for prospective bidders. If the pre-bid meeting is announced as mandatory, bids will not be accepted from contractors who did not attend the meeting.
4. Bids received after the designated time will not be accepted under any circumstance.
5. Should fewer than two bids be received, and the effort to secure more than one bid is documented, the bid can be accepted if it is within 10% of the Rehabilitation Specialist's cost estimate.
6. The bids will be evaluated by the Rehabilitation Specialist and the property owner. The Town will base its funding on the lowest responsible bid from a qualified contractor. The owner may select any bidder provided that the owner pays the price differential between the low bid price and the selected bid price, if applicable.
7. The Town reserves the right to reject any and all bids or estimates of contractors and to waive any irregularities or items if it is in its best interest to do so.

## **P. SWEAT EQUITY**

1. Through sweat equity, a property owner can contribute his/her labor to undertake the rehabilitation. Financial assistance is provided for contracted trade specialists and for 100% of the cost of materials. Owners are not compensated for their labor. The financial assistance will be provided in the form of a Deferred Payment Loan, as described earlier.

2. Requests to undertake a sweat equity project will be reviewed by the Program Director and Rehabilitation Specialist on a case by case basis. Due to the added complexity of utilizing sweat equity, this approach will be allowed when the following conditions are met:
  - a) The property owner possesses the necessary qualifications to undertake this work as documented through examples of completed construction/ rehabilitation work.
  - b) The property owner has the time to complete the work within a reasonable timeframe.
  - c) The nature of the project is such that the owner can perform his/her work without interfering with any other contractors who may be involved.
3. A contractual agreement will be executed between the owner and the Town which addresses performance, compliance, documentation of expenditures, the work write up and materials cost estimate.
4. The program will only pay for the cost of the materials upon inspection that they have been properly installed.
5. Sweat equity can be used towards the 25% matching funds required for moderate income and investor-owners. The value of the sweat equity shall be calculated as the Rehabilitation Specialist's cost estimate for the work, minus the actual cost of materials.
6. To ensure timely completion, payment from program funds will be made only upon completion of work. The exception to this will be that a single progress payment will be made to a contracted sub-trade, once that work has reached at least 50% completion. Owner funds will be disbursed first for any progress payments.

## **Q. TENANT ELIGIBILITY**

Tenants, themselves, are not eligible to participate in the program. Owners may qualify, however, based upon income-eligible tenants. To provide a reasonable degree of protection to tenants, no owner participating in the program may receive benefits unless the owner agrees to rent the rehabilitated unit as follows:

1. Occupied units that are assisted will have rent levels maintained at the base rent (the actual rent level of the unit at the time of application for housing rehabilitation assistance, including those utilities identified as included).
2. Increases in rent can occur only at the end of an existing lease or annually upon completion of rehabilitation work. Rental increases are limited to the HUD Section 8 Annual Adjustment Factors (AAFs). However, if the current rent level exceeds the lesser of the Section 8 Fair Market Rents established for the Worcester area or the High HOME Rents established for the Worcester area, rents may not be increased.

3. Rent for vacant units cannot exceed Section 8 Existing Fair Market Rents for a unit with the same number of bedrooms as the subject unit.
4. When a unit occupied by over-income tenants at the time of rehabilitation becomes vacant, the newly vacant unit must be rented as established in Q.3 above.
5. For a minimum of fifteen (15) years after rehabilitation the owner must rent units, as specified in the Rental Agreement, to low- and moderate-income households as defined by the HUD income limits for the Boston-Cambridge-Quincy HMFA.

## **R. RELOCATION**

Permanent, non-voluntary displacement of households benefiting from the program will not occur under any circumstances. The Town of Ayer's Residential Anti-Displacement and Relocation Assistance Plan is on file in the Community Development Office, and is available to the public for review. The Plan describes the procedures to be followed to assist participants who may be temporarily relocated on a short-term basis due to the rehabilitation of their unit. Every effort will be made to minimize the need for relocation in carrying out the rehabilitation project. However, it is often necessary to temporarily relocate residents when completing lead paint and asbestos removal. It is the Town's policy to provide relocation benefits to tenants, who may need temporary relocation. Under its Optional Relocation Assistance Policy, the Town will provide low- and moderate-income homeowners who are not URA-protected the same levels and types of temporary relocation assistance made available to tenants when these owners cannot make other arrangements on their own. Tenants and owners will receive reasonable, advance, written notification whether or not temporary relocation will be necessary and, if so, the kinds of assistance available.

## **S. MASSACHUSETTS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM REGULATIONS**

The program will comply with all regulations set forth by the MCDBG Program. This includes, but is not limited to, the following regulations: environmental protection; historic preservation; lead paint; asbestos; displacement and relocation; financial compliance matters; civil rights and equal opportunity; Section 3; procurement; and labor and safety laws and regulations.

## **T. ADMINISTRATION**

The program will be administered through the Ayer Community Development Office under the direction of the Board of Selectmen. Program staff will be responsible for the operation of the program on a day-to-day basis under the supervision of the Town Administrator.

## **U. COMMUNITY DEVELOPMENT ADVISORY COMMITTEE**

The Town of Ayer recognizes the importance of citizen participation in the implementation and evaluation of the Housing Rehabilitation Program. The Town encourages involvement of residents in the program through establishment of a voluntary Community Development Advisory Committee (CDAC). The CDAC shall serve in an advisory capacity to the Program Director and the Board of Selectmen concerning matters of Program waivers and grievances.

1. The Chairman of the Board of Selectmen will appoint citizens in the community to serve on the CDAC for the duration of the FY 2015 grant.
2. The CDAC will be responsible for adjudicating grievances that cannot be resolved by program staff and reviewing requests for waivers from program guidelines and making recommendations to the Board of Selectmen concerning those requests.
3. The CDAC will also be responsible for reviewing amendments to the Program Guidelines and making recommendations to the Board of Selectmen concerning those amendments.
4. The CDAC shall be composed of a minimum of three and a maximum of five members appointed by the Board of Selectmen. Every effort will be made to ensure that the CDAC members are representative of different interests, economic and social roots, and community affiliations.
5. To preserve objectivity, waiver requests reviewed by the CDAC will be presented anonymously.

## **V. AMENDMENTS AND REVISIONS**

Program Guidelines and forms may be revised from time to time as deemed necessary.

## **W. GRIEVANCE RESOLUTION**

The Town of Ayer's *MCDBG Program Grievance Procedures* (located in Attachment C) is on file in the Community Development Office and is available for public review. They describe the procedures in place for settling any misunderstandings or disputes that may arise during any aspect of the administration of the program. They detail a two-tiered grievance process of mediation as well as steps to be followed if cases are appealed. Grievance procedures regarding relocation benefits are outlined in the *Procedures* as well.

## **X. LIEN SUBORDINATION**

Households wishing to refinance or further indebt their properties may request subordination of the Town's lien for repayment of the DPL. Participation in the housing rehabilitation program makes it possible for Town residents, who might not otherwise be able to either obtain or repay a loan, to make repairs to their homes and still keep those homes as affordable places to live. Requests to subordinate will be considered in light of this objective.

When considering subordinating its lien position, the Town will try to reasonably accommodate program participants while protecting the Town's interest in the property. The Town will make every effort to subordinate its lien position provided sufficient equity remains in the property to assure lien payoff according to the terms outlined in these program guidelines. Sufficient equity is defined as 80% or less combined loan to value ratio (CLTV), inclusive of all mortgages, liens and encumbrances against the property. When requesting lien subordination, owners must provide evidence of current encumbrances against the property. Documentation may include a combination of the following: loan application or loan approval from the lender for the proposed loan detailing existing debt, property appraisal, title search, statement of assessed value from town assessor or property tax bill, or equivalent third party

documentation detailing property value and all encumbrances. The Town will subordinate its lien position if the CLTV exceeds 80% in cases when a property owner wishes to refinance an existing mortgage principal balance and will not further encumber the property, e.g. a refinance for a lower interest rate.

**Implementation:** During the existing grant or subsequent grants when there is staff in the Community Development Office, implementation of these guidelines can be accommodated by authorized Community Development Office staff. The most senior staff person (in terms of authority/responsibility) will be authorized to approve the subordination. The actual subordination agreement must be signed by the Chair of the Board of Selectmen. Should the Community Development Office be closed (unstaffed) for periods of time, subordination requests should be submitted to the Town Administrator's Office. Property owners requesting lien subordination should allow 30 days from the submittal of documentation for the Town to process the request.

**Appeals/Grievances:** In the event that a property owner is not satisfied with the decision by the Town relating to subordination, the Owner may appeal such a decision through the process that is established under the Town's *MCDBG Program Grievance Procedures*.



## ATTACHMENT A

FY 2017 Boston-Cambridge-Quincy, MA metropolitan area median family income= \$103,400

### AYER HOUSING REHABILITATION PROGRAM INCOME LIMITS

| Household size | Income Limits          |                               |
|----------------|------------------------|-------------------------------|
|                | 0-50%AMI<br>Low-Income | 51-80% AMI<br>Moderate-Income |
| 1 person       | \$36,200               | \$54,750                      |
| 2 person       | \$41,400               | \$62,550                      |
| 3 person       | \$46,550               | \$70,350                      |
| 4 person       | \$51,700               | \$78,150                      |
| 5 person       | \$55,850               | \$84,450                      |
| 6 person       | \$60,000               | \$90,700                      |
| 7 person       | \$64,150               | \$96,950                      |
| 8 person       | \$68,250               | \$103,200                     |

AMI = Area median income

These income limits are revised periodically. The Program will use the most current income limits in effect at the time that an application is processed for an eligibility determination.

## ATTACHMENTB

### HOUSING REHABILITATION PROGRAM START-UP GUIDELINES

The Ayer Housing Rehabilitation Program (the Program) will be marketed to the public through public information meetings, press releases, notices to area service agencies that serve low- and moderate-income persons, and poster displays around town.

All eligible applicants will be put on a waiting list and assigned a case number on a first-come, first-served basis. Exceptions to this waiting list will be made for bona fide emergency cases that will take priority.

1. Applications will be available to be picked up in the Community Development Office, or for those persons who cannot pick up applications, applications can be requested by telephone to be mailed. Applications will also be available in the Town Offices. This will accommodate people coming to the Town Offices in the evening when the Community Development office will not be open.
2. All applications will contain a space for the applicant to indicate any perceived emergency situations or requests for handicapped accommodations.
3. Applications can be returned by mail or hand delivered to the Community Development Office.
4. All applications received will be reviewed for emergency and handicapped accommodation requests. These will be taken out of order and the status will be verified by the Housing Rehabilitation specialist. If necessary, the priority of these cases will be determined by the Program Coordinator and the Housing Rehabilitation Specialist. Any emergency request or request for handicapped accommodation received at any time during the program can be placed ahead of those on the waiting list once the status of the request is verified by the Housing Rehabilitation Specialist.
5. Applications will be processed for program eligibility in the following order:
  - a) Emergency applications for properties located within the Ayer Sustainable Development Target Area in addition to emergency applications from within the Town of Ayer\*.
  - b) Non-emergency applications for properties located within the Ayer Sustainable Development Target Area

**\*A maximum of 20% of Housing Rehabilitation Program funds may be used on emergency cases within Ayer but not located in the Ayer Sustainable Development target area.**

6. Each application will be considered in the order in which it appears on the current waiting list. Applicants deemed ineligible will be notified in writing, and their file will be closed. Formal appeal can be made in writing by the individual involved to the Program Director. If the applicant's financial circumstance change and the applicant feels that he/she might now be eligible, a new application may be submitted. The application will be given the next number on the waiting list.
10. Applicants who do not submit requested information in a timely fashion will receive a warning, in writing, that if the information is not supplied within a specific time, their applications will be closed. These applications will not be placed on a waiting list. However, the applicant may re-apply at any time. The new application will be assigned the next number on the waiting list.