

Homeowner Stabilization Program

Funding provided by
the Affordable Housing Trust Fund Board

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COVID-19 SMALL LANDLORD STABILIZATION PROGRAM OPERATING GUIDELINES FY2020-21

PROGRAM OVERVIEW

Throughout the pandemic and economic downturn, communities such as Chelsea have been disproportionately impacted. The abrupt wave of business closures directly attributable to the virus has further burdened the community. Seemingly overnight, the virus has profoundly changed the social, economic, and cultural fabric of the City. Increasingly, residents are unable to cover the cost of housing and basic necessities, such as food, and face the prospect of eviction, whether through the conventional legal system or informal process. Without immediate help, through forms of housing relief, residents will be confronted with the prospect of foreclosures and evictions. Disconcertingly, eviction and foreclosure activity will exacerbate the public health crisis and further undermine the economic stability of the entire community.

To provide a small, but meaningful remedy to help stabilize the intractable circumstances, the Chelsea Affordable Housing Trust Fund Board requested that the Chelsea Community Preservation Committee approve its application and recommend to the Chelsea City Council the appropriation of \$1,250,000 to capitalize an emergency housing assistance fund that will aid the City's low-income residents and reduce displacement.

The objectives of the City's Homeowner Stabilization Program include:

- 1) provide direct financial assistance to low- and moderate-income homeowners who reside in the single-family home or within one of the residential units in a multi-family home, allowing them to sustain housing conditions that are in danger due to the outbreak of the novel coronavirus;
- 2) eliminate evictions and foreclosures that threaten the health and safety of the occupants.

The Homeowner Stabilization Program is administered by the City of Chelsea's Department of Housing and Community Development. The Program consists of two (2) year, 0% interest, forgivable loans with amounts dependent upon the number of units within the household for homeowners that **currently reside within the property** and with the provision of wrap around social, housing, and economic services. The loan will not need to be paid back for two years and will not accrue interest, if after the two (2) year period all of the guidelines have been followed and the home has not been sold the loan will be forgiven entirely. For single-family properties, the maximum loan amount will be equivalent to 3 months of eligible housing costs or \$5,000, whichever is less. Two-family homes are eligible for a maximum loan amount of 3 months eligible housing costs or \$8,000, whichever is less. For three and four-family household structures, the maximum loan amount will be equivalent to 3 months of eligible housing costs or \$10,000, whichever is less. This is a temporary program, designed to respond to exigent

circumstances that threaten the health and wellbeing of low to moderate-income residents.

PROGRAM ELIGIBILITY CRITERIA

The City of Chelsea's Homeowner Stabilization Program primarily serves low- or moderate-income households. Eligible applicants may qualify for funding if their annual gross household income is at or below 80% of the Area Median Income, as set forth by the U.S. Department of Housing and Urban Development for the Boston-Cambridge-Quincy-NH FMR Metro Area.

Eligibility for funding is determined after the complete application is received and reviewed by the Program staff, and should not be understood as a guarantee for approval. Program staff will inspect all applications for completeness.

Failure to submit a complete application with all required supporting documentation would result in the disqualification of an applicant.

The Department reserves the right to seek additional documentation, if obtaining such documentation is reasonably necessary to determine income limit compliance and program eligibility.

The Program has the following criteria for eligibility:

- **Income Qualification and Guidelines:** Applicants will be asked to verify one gross household income, including income from assets and rental unit income. This may be submitted in the form of two (2) years of tax returns OR eight (8) weeks of paystubs for the household and additional documentation of rental income and assets that is dated within 60 days of application. The income limits set forth for this program allow households with gross household income up to 80% of the Area Median Income;
- **Residency:** The program is available exclusively for Chelsea residents who currently own a small single or multi-family property, where they also reside in one of the units. Under no circumstances shall this section be waived, modified, or altered;
- **Mortgage Information:** Applicants shall supply complete, true, and accurate information pertaining to whom they submit mortgage payments to monthly. Applicants shall submit the name, address, and contact information for this party. If an applicant is selected for a funding award, they will be notified;
- **Evidence of Rejection or Expiration of Mortgage Deferment or Forbearance:** Applicants shall furnish and supply a copy of a letter from their mortgagor that they have sought deferment or forbearance and have been (i) rejected, or (ii) the 180-day deferment/forbearance period has ended and mortgagor has denied the request of voluntary extension; and
- **Proof of Housing Crisis:** Households must be experiencing a current housing emergency due to a financial hardship related to or exacerbated by the COVID-19 crisis. Examples of these hardships include a family member being (i) laid off or reduced hours, (ii) loss of childcare

and need to resign in order to stay home, (iii) non-payment from tenants after April 1, 2020, and (iv) death of a household member and loss of their income. Documentation in the form of letters from former employers, letters of tenant non-payment, applications for unemployment insurance or loss of employer-sponsored health insurance, or documentation of the death of a household member and their income.

- Certificate of Habitability (multi-family homes): For multi-family homes Certificates of Habitability will be requested, if none is available the City reserves the right to inspect the property within the two (2) year loan term.

INCOME LIMITS

In order to act as a safeguard for residents gravely impacted by COVID-19 and the corresponding economic decline, and in alignment with the priorities set out in the Community Preservation Plan, the Community Preservation Committee has intentionally set program income limits for this program.

Program funds shall be limited to current Chelsea residents whom own and reside in multifamily properties. The income limits will be set at 80% of the Area Median Income, based on the U.S. Department of Housing and Urban Development’s 2019 Income Limits for the Boston-Cambridge-Quincy, MA area. A local preference, illustrated in the RESIDENT SELECTION AND LOTTERY PROCEDURES section, will be offered to households with incomes up to 30% of the Area Median Income.

Below are the current 2020 income limits for Boston, Cambridge, Quincy, MA-NH MSA.

Household Size	80% AMI Moderate Income	60% AMI Low Income
1	\$67,400	\$53,750
2	\$77,000	\$61,450
3	\$86,650	\$69,100
4	\$96,250	\$76,750
5	\$103,950	\$82,900
6	\$111,650	\$89,050
7	\$119,350	\$95,150
8	\$127,050	\$101,350

HOUSEHOLD: All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household.

Income Verification

- Household income will be verified by Program staff by examining the all sources of household income that must be reported and documented, under the pains and penalties of perjury, by applicants. Applicants shall report on gross household income of all members of the household over the age of 18, including all income derived from assets, public benefits, divorce, alimony, and other sources, as instructed in the application. The City reserves the right to examine all sources of income, such as employment, retirement, rental, and any other income source, etc. The determination of eligibility will be based upon the gross annual income and/or recent paystubs of the applicants' household.
- Household income is defined as follows. For purposes of income eligibility, all persons and residents are considered household members.

Household Income is defined as the anticipated total income from all sources received by the Family head and spouse (even if temporarily absent) and by each additional member of the family, including all net income derived from assets, for the 12-month period following the effective date of certification of income.

Upon documentation, projected household income is determined and compared to the published HUD Income Limits to identify low to moderate-income persons. The application will be used to collect data on household composition, income, and asset sources. All documentation must be dated prior to the release of a commitment letter and grant agreement. Program staff must prepare and date a Household Income Worksheet prior to release of a commitment letter and a grant agreement.

- Household income shall be defined as the income of all household members, 18 years and older, who are not full-time students. To be "Income-Eligible", applicant household(s) must have total household incomes that do not exceed the limits established by HUD as listed above.

APPLICATION PROCEDURES

The application forms necessary to apply for the Homeowner Stabilization program are available through the City of Chelsea, Department of Housing and Community Development, 500 Broadway, Room 101, Chelsea, MA 02150, the City's website, and other online resources. The applicant must supply all information required in order to submit a complete application. At a minimum, a complete application shall consist of:

A complete application is defined as (i) a signed and dated application form, containing the responses to all mandatory questions, (ii) a completed application checklist, and (iii) a signed

copy of the program policies

In order to objectively and transparently carry out this program, applications shall not be accepted after the deadline set by the Department, if a limited window of time is specified for an application. The Department may find it advantageous to afford applicants the ability to file applications on a rolling basis. In that case, they shall announce the availability of the program on a rolling basis.

It is expected that applications will be received, clocked in, and checked for obvious errors and omissions. The Program staff will consult with the applicant regarding issues as well as other errors, discrepancies, or missing information on the application. Subsequently, Program staff will conduct a preliminary examination of the application to ensure completeness, conformance with the household income limits, and adherence to all program policies.

RESIDENT SELECTION AND LOTTERY PROCEDURES

The application process will culminate with the scoring of applications. Subsequently, a lottery will be administered to objectively select grantees based on program criteria identified by the Affordable Housing Trust Fund Board.

The Department shall hold at least one (1) public informational meeting for potential applicants to educate them on the lottery process. The date, time, and location of the public informational meetings must be published in ads, flyers, and other conspicuous locations commonly viewed by the general public.

Due to the emergency and temporary nature of this program and the source of the funding, the program lottery will have a 100% local preference.

Funds are generally available until they are exhausted. Upon completion of the intake process, complete applications shall be catalogued with a unique numerical identifier, the number that represents the application in the lottery pool, and assigned a score based on the number of local preferences the application satisfies. The score will determine placement in the local preference lottery pool.

As advised by the Affordable Housing Trust Fund Board, the Department shall incorporate certain local preferences, determined to be necessary to stabilize low-income households, curtail displacement, and lessen risks to health and wellbeing. Each preference category is assigned one point. Applicants must substantiate their preferences by attaching to their application supporting documentation that clearly demonstrates the household satisfies any local preference categories they seek to qualify for.

Applicants are encouraged to supply documentation to clearly demonstrate that they satisfy one (1) or more of the local preference categories. Satisfying one (1) or more of the allowable preference categories is not required. Applications will be assigned a score based upon the following preferences:

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- Family with children under 18 residing at home as dependents;
 - Applicant or household member over the age of 65;
 - Veteran status of a member of the household;
 - Disability status of a member of the household;
 - Financial or health impacts due to COVID-19;
 - Those who are the first in their family to own homes;
 - Female head of households;
 - Non-eligible for federal benefits; and
 - Tenant rent subsidy: favorability will be given to landlords who will apply a portion of the award to their tenant's rents as a subsidy to forthcoming payments or arrearages no later than April 1, 2020.

Lottery Process: Funds are generally available until they are exhausted. Upon completion of the intake process, Program staff will assign applications a unique numerical identifier, used to represent the application in the lottery process, and a local preference score, based on the lottery criteria with preference categories. Single-family, two-family, and three to four-families will each have their own at large and preference pools as described above. The application score will determine placement in the local preference lottery pool. During the lottery process, two lottery pools shall be established – a preference pool and an at-large pool. All applicants meeting the eligibility criteria receive one (1) entry into the at-large pool. If an applicant receives a preference score, they will be entered into both pools. For instance, if an applicant receives two (2) preference scores, they will be entered into the preference pool twice. The lottery will be administered and results unveiled by an objective third party, with all lottery proceedings transcribed for public record. Priority shall be available to eligible applicants meeting the specified criteria only if they meet the low- or moderate-income limits. In the event funds are exhausted, Program staff may create a waiting list for additional funds if they become available at a later date. If all of the funds are not expended during the initial intake period, consideration will be given to providing additional assistance beyond the 3-month limit to previous beneficiaries, as approved by the Affordable Housing Trust Fund. Any funds remaining on 30 June 2021 will be returned to the Affordable Housing Trust Fund.

The lottery will be administered and results unveiled by an objective third party. All lottery proceedings will be transcribed for public record. Priority shall be available to eligible applicants meeting the specified criteria only if they meet the low- or moderate-income limits. In the event funds are exhausted, Program staff may create a waiting list for additional funds if they become available at a later date.

Commitment Letter: The lottery process will culminate with a selection of prospective grantees. Following the selection process, program staff will conduct a secondary examination of selected applicants to ensure compliance with all program policies and Affordable Housing Trust Fund Board terms and conditions.

If all of the funds are not expended during the initial intake period, consideration will be given to providing additional assistance beyond the 3-month limit to previous beneficiaries, with consent from the Affordable Housing Trust Fund Board. Any funds remaining on 30 June 2021

will be returned to the Affordable Housing Trust Fund Board.

GRANT TERMS AND CONDITIONS

Applicants that are selected as part of the lottery process shall receive a commitment letter, which will serve as the formal Notice of Award, whereupon they will be formally referred to as an Awardee. A Notice of Award will be transmitted to the Awardee and the Awardee may select to have the funds dispersed directly to them or to mortgage lender. The Awardee and/or the Awardee's mortgage lender must submit a W9 for the recipient of loan funds.

Subsequently, the Department shall draft and collate a Loan Agreement containing the terms and conditions of the loan award. Unless expressly waived by the Department, the Awardee and City shall mutually execute the Loan Agreement.

The terms and conditions of the loan agreement shall reflect the most recent iteration of the form of grant agreement adopted by the Affordable Housing Trust Fund Board. The form of the loan agreement may change if the terms and conditions of the Affordable Housing Trust Fund Board's standard loan form change, during which time this section shall be revised.

Project Liaison: The Department will designate a Project Liaison (Departmental Contact) for the Project being funded by this Agreement. The Project Liaison may be a City staff member, or a consultant retained for that purpose. The Project Liaison shall serve as the agent of the Department for the purpose of monitoring Project compliance with the terms of this Agreement and shall periodically report to the Department at its regularly scheduled meetings. The Department may change the Project Liaison by providing notice of the change to the Awardee.

Total Grant Disbursement: The maximum allowable loan disbursement will be dependent upon the number of housing units within the property. For single-family homes the loan will be equivalent to three (3) months of the Awardee's housing obligations, or \$5,000, whichever is less. Two-family homes will be eligible for a loan award of three (3) months of housing obligations or \$8,000, whichever is less. For three and four-family homes, the loan will be equivalent to three (3) months of the Awardee's housing obligations or \$10,000, whichever is less. Under no circumstances shall this limit be exceeded.

Disbursement of Funding: The Department or a designated agent shall disburse loan funds directly to the applicant or lender. Prior to disbursement, the applicant shall supply the City with a W9 for themselves and/or of their lender, allowing the Department to internally set up a vendor account. A loan agreement, signed by the Awardee and the City, shall be executed prior to the disbursement of loan funds. The disbursement of loan funds to the Awardee under this Agreement shall only be made after (i) the Department has approved the application associated with the Project; and (ii) the Awardee has furnished to the Department evidence of compliance with all program policies and applicable local, state, and federal laws. At the discretion of the Department, funds can also be distributed in installments.

Rent Arrearages for Tenants: Generally, funding from this program will address forthcoming rent payments, if applicant is applying for additional money to subsidize tenant rents. In certain cases, funding may be utilized to cover past mortgage arrearages that occurred after April 1, 2020. If the Department determines that the application of funding to rent arrears is necessary to preempt an eviction and forestall displacement, program staff will notify the grantee about the ability to apply program funds to previous rent owed.

Anti-Displacement: By executing the Loan Agreement and accepting funding from the Program, the landlord shall not undertake any form of eviction proceedings, including, but not limited to, furnishing a 14-day notice to quit, initiating a summary process, and/or carrying out the physical removal of a household and/or their physical belongings through physical removal, the changing of locks, and verbal and/or physical acts of coercion, abuse, and other forms of threatening behavior for the six (6) months following the disbursement of funds.

Rent Increase: By executing the Loan Agreement and accepting funding from the Program, the landlord shall not undertake any form of rent increases at the property for six (6) months. Following the six (6) month period, the landlord may not increase rents more than five (5) percent per year for a period of two (2) years.

DISPUTE RESOLUTION PROCESS

Should a dispute or difference of opinion arise between the tenant and the landlord, the Homeowner Stabilization Program Manager is available, as an impartial third party with experience and leasing knowledge, who can assist in arbitrating the dispute. Although it is preferred for the tenant and landlord to resolve any disagreements that might arise over the course of the Homeowner Stabilization program work between themselves, it is important that either the tenant or the landlord contact the Homeowner Stabilization Program staff immediately, should they prefer assistance in resolving the dispute.

PROGRAM GRIEVANCE PROCEDURES

Persons dissatisfied with or aggrieved by administrative or operations decisions made during the grant cycle will have access to the following complaint resolution hierarchy:

1. Persons aggrieved should prepare an appeal in writing specifying the nature of the complaint and suggested remedies, if applicable, and submit it to the Homeowner Stabilization Program. If the complaint involves a decision to deny, modify, or set conditions on assistance or benefits, the person(s) making the complaint will establish his or her standing to appeal the decision. "Standing" is limited to individuals who applied for and were denied assistance or were otherwise required to meet certain requirements that had the effect of denying assistance. The Program Manager of the Homeowner Stabilization Program will respond to a written complaint within 15 days of receiving it, and may hold a meeting with any persons involved to attempt to resolve the complaint.
2. If the Program Manager cannot resolve the complaint, the aggrieved persons may request in writing a meeting with the Director of the Chelsea Department of Housing and Community

Development. The Director of HCD will respond to a written complaint within 15 days of receiving it, and may hold a meeting with the persons and Program staff or other parties together or separately, depending on the nature of the complaint and the potential to resolve the complaint by mediation. Preference will be given to mediation wherever possible and appropriate.

3. If the persons aggrieved are not satisfied with the Director of the HCD's decision, a written appeal may be submitted to the City Manager. The City Manager and/or his designee will respond to a written complaint within 30 days of receiving it. The City Manager and/or his designee may meet with the aggrieved persons, Program staff, the Director of HCD and staff separately, or together, depending on the nature of the grievance and its potential for being resolved by mediation. Preference will be given to mediation wherever possible and appropriate. The decision of the City Manager is final, and will be issued within 45 days of receiving the appeal.
4. Administrative actions that are not eligible for appeal include a denial of assistance based on an applicant's household income exceeding the permissible limits, fraudulent or misleading income representations, and requests for types of assistance not funded by the Program.

FAIR HOUSING POLICY

The City's objective is to reduce barriers to all programs and public services. This policy is exemplified by the City's commitment to complying with and surpassing the minimum requirements of all federal, state, and local fair housing laws. The City will not discriminate against any person because of race, color, immigration status, religion, national origin, sex, sexual preference, familial status, disability, or any other specific classes protected by applicable laws.

Accommodations are available for persons with disabilities and non-English speaking residents by contacting the City's ADA Coordinator, Fidel Maltez, at 617-466-4100 or fmaltez@chelseama.gov.

In accordance with Title II of the Americans with Disabilities Act of 1990 and Section 504 of the Rehabilitation Act of 1974, the City will reasonably accommodate qualified persons with disabilities in all programs and services. All programs will be offered in accessible locations (e.g., those meeting the requirements of the Americans with Disabilities Act Accessibility Guidelines), or redesigned and modified to be accessible when barrier-free facilities are unavailable for program delivery. The City of Chelsea will provide auxiliary services, written materials in alternative formats, and reasonable modifications in policies and procedures to persons with disabilities upon request and at no cost to the applicant.

Reasonable accommodation for other types of disabilities will be made at the request of the affected person.

If the City needs to accommodate non-English speaking persons, it will take all administratively feasible steps to provide translation assistance upon request at no cost to the applicant.

EQUAL OPPORTUNITY POLICY

It is the policy of the City of Chelsea to carry out the Program as effectively as possible and without regard for race, color, creed, religion, national origin, ancestry, sex, age, children, marital status, immigration and citizenship status, sexual orientation, gender identity, disability, public assistance, or rent-subsidy status. This Program shall be carried out in conformance with all local, state, and federal equal opportunity laws and affirmatively further fair housing by proactively addressing racial, ethnic, economic, social, and cultural disparities and inequities.

CONFLICT OF INTEREST

The City of Chelsea shall adhere to the provisions of Massachusetts General Laws, Chapter 268A, with respect to the Conduct of Public Employees. In addition, no member, officer, elected official, and/or employee of the City, or its designees, or agents, and no member of the governing body of the locality who exercises any function or responsibility with respect to the Program during his tenure or for (1) year thereafter shall have an interest in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with this program.

ANTI-DISPLACEMENT AND RELOCATION

Permanent, non-voluntary displacement of households benefiting from the program will not occur under any circumstances.

OTHER CERTIFICATIONS

Because the grant pool funds are limited, not all applicants can be serviced. If funds are not available, the application may be put on a waiting list and entered into any future lotteries.

The City of Chelsea is an equal opportunity agency providing services to eligible persons without regard to race, national origin, sex, sexual orientation, immigration status, age, or handicap.

TERMINATION

The City of Chelsea has the right to reject the Homeowner Stabilization Program application or terminate any agreement if a participant is found to be in violation of any conditions set forth in these guidelines.

SIGNATURES & CERTIFICATIONS

I/we, the applicant(s), have read and I understand Homeowner Stabilization Program Guidelines and I will retain a copy of these guidelines as part of the application package.

Applicant Signature

Co-Applicant Signature (if applicable)

Printed Name

Printed Name

Address of current residency

Address of current residency

Date

Date