Preservation of Harwell Homes
Resident Disclosure, Policy Statement and Agreement

The purpose of this document is to assure that every resident of Harwell Homes has sufficient information regarding the affordability status of the property, in order to make an informed decision regarding his/her subsidy type going forward. This document also memorializes commitments of the Cambridge Housing Authority (CHA) and Harwell Homes Inc.

A. Background

Harwell Homes is a 56 unit Limited Equity Cooperative located within the city of Cambridge Massachusetts and owned by Harwell Homes Inc.

This project is a Section 236 cooperative. Currently there are 17 units under a long term project based contract. The HUD mortgage matured on the property on November 1, 2012 and the cooperative has pre paid the mortgage. Through an agreement with HUD and the Cambridge Housing Authority 39 enhanced vouchers have been awarded to Harwell.

The current monthly rents for the 39 currently unassisted units at this property are as follows:

Bedroom Size	Carry Charge Basic Rent (minimum)	Carrying Charge Market Rent (maximum)
1 BR	682	777
2 BR	743	846
3 BR	802	913
4 BR	872	993

In accordance with CHA's authority through MTW, CHA has committed to enter into a 15 year project-based contract for at least 10 of these units with Harwell Homes Inc. These project based vouchers will be used solely at the request and discretion of the Harwell Board of Directors. The total number of enhanced vouchers issued plus the number of Project Based Vouchers immediately used or set aside by the CHA for Harwell will not exceed 39 (the number of Enhanced Vouchers awarded to the project by HUD).

B. Vouchers

For residents, the two main differences between enhanced vouchers and project-based vouchers are (1) the formula for determining the tenant's portion of the rent and (2) the ability to move with rental assistance. All this is explained below.

1. **Enhanced Vouchers**
    a. Description: Enhanced Vouchers are issued to the tenant for use in his/her current apartment. Harwell residents who are not currently assisted by Project Based Section

b. 8 and whose adjusted annual income is less than 95% of the Area Median Income (AMI) will be eligible to receive an Enhanced Voucher.

c. Mobility: Residents with enhanced vouchers may move with their vouchers at any time after giving proper notice under their lease/occupancy agreement. When the resident moves from the building, the enhanced voucher becomes a regular Section 8 Housing Choice Voucher that the resident may use wherever he/she chooses.

d. Rent for Stayers: With respect to the resident's portion of rent, a resident who receives an enhanced voucher and remains at Harwell Homes, will pay the greater of 30% of their income or their current carrying charge, which will be generally be higher than the CHA's minimum rent for its voucher programs.

2. Project Based Vouchers

a. Description: These are Section 8 Vouchers that have been assigned to specific apartments rather than to specific families. In order to attach these vouchers to the property, the owner and the CHA must enter into a 15 year contract. During this time, the property is guaranteed to be maintained as affordable. As long as a resident remains in that apartment, he/she enjoys the benefits of the voucher.

b. Mobility: The resident living in an apartment with a project-based voucher does not have "immediate" mobility. The resident must occupy the project based unit for two years before they are able to request a tenant based mobile voucher. Since the voucher is attached to the apartment and not the family, any request by the family to move means that the CHA must issue a new voucher to the family while maintaining the project based voucher for another family from the waiting list. There is not an unlimited pot of vouchers, and so the CHA must wait for one to become available before it can issue a tenant-based voucher to the family. If one is not available the resident's name will be placed on the CHA's internal project based wait list (chronological by date of request) and be issued a tenant-based voucher when one becomes available.

c. In addition, in accordance with its usual project-based voucher policies, the CHA will allow Harwell Homes residents to place their names on the CHA's project-based voucher transfer list and when project-based apartments elsewhere in Cambridge become vacant, the CHA will forward all names on the wait list to that owner for screening and selection.

d. Rent for Stayers: For existing residents that resided in the property at the time of repayment, the income limit for PBV's would be 80% of AMI. Those residents staying at Harwell Homes with a project-based voucher will pay only 30% of adjusted income for rent. Project Based Vouchers are subject to CHA's Moving to Work and Rent Simplification rules. A summary of the Rent Simplification rules is attached as Attachment C.

3. Tenants who are Over-Income for Enhanced and Project-Based Vouchers

a. Contract Rents. The following contract rents (maximum rents payable for each unit and subsidy type) will remain the same:

Bedroom Size	Carrying Charge (minimum)	Carrying Charge (maximum)
1 BR	682	777
2 BR	743	846
3 BR	802	913
4 BR	872	993

Over-Income Tenants. Current residents of Harwell Homes who are not income eligible for either an enhanced or a project-based voucher will continue to pay the current carrying charge.

.Current Voucher Holders. Tenants who currently have tenant-based vouchers from CHA may choose to retain them and can continue to stay at Harwell Homes. However if the monthly carrying charge is increased to an amount greater than CHA's payment standard the family may pay more than 30% of their adjusted income for rent.

4. Overhousing; Tenant Households

a. Overhousing. For all tenants, the determination of whether a household is over-housed (living in an apartment which has more bedrooms than are needed for the number of people in the household) will be based on CHA standards. However, as long as the Rent/Carrying Charge for a unit at Harwell is less than what CHA would otherwise pay for a unit elsewhere in Cambridge of the appropriate size for the Cooperative Member occupying that unit, CHA will not be concerned about over-housing of existing residents utilizing either PBV's or EVs.

b. Tenant Households. For all tenants, the determination of who the members of a tenant household are will be based on CHA standards. A copy of the CHA's current definition of "household" is attached as Attachment G. For tenants currently residing at Harwell Homes, all unit occupants who are co-signers on the latest lease, or listed as authorized residents on the occupancy agreement will be considered to be members of the tenant household, regardless of familial relationship, if:

(i) they intend to continue residing in the unit and provide documentation needed to include them in the calculation of the total household income; and

(ii) for adults with countable income, their income was included in any income certification or recertification completed since that person joined the household, or they submitted a 'no income' statement for that certification.

5. Miscellaneous Provisions

Current residents of Harwell Homes who elect either an enhanced voucher or a project-based voucher, will be screened by the CHA and maybe denied only for income eligibility, immigration eligibility, and the federally mandated reasons found at 24 CFR 982. 552(b) and 982.553.

C. Rehabilitation:

1. Harwell will undertake a modest rehabilitation program of the property that will address all immediate capital needs in the first year out of the capital raised through refinancing. Longer-term capital needs will be addressed over time through draws upon the Replacement Reserve.

It is anticipated that the work will commence by the fall of 2013

- The scope of up front rehabilitation will include such major items as:
- Renovation of all kitchens and bathrooms
- Replacement of concrete steps and rails
- Fence Repairs
- Repair or replacement of building and townhouse entry doors
- Refinishing hardwood floors (partial)
- Siding repairs
- Flashing repairs around windows
- Water heater replacements
- New hard wired smoke detectors
- Increase roof insulation
- Installation of energy efficient lighting

Here are the proposed market carrying charges:

Bedroom Size	Carrying Charge (minimum)	Carrying Charge (maximum)
1 BR	777	831
2 BR	846	905
3 BR	913	977
4 BR	993	1063

D. Future Tenant Selection

1. To the extent that Harwell residents do not initially use the 39 vouchers, CHA will execute an agreement with Harwell to make available **10 or more** Project Based Vouchers for Harwell for a Period of 15 years. The total number of enhanced vouchers issued plus the number of Project Based Vouchers immediately used or set aside by the CHA for Harwell will not exceed 39 (the number of Enhanced Vouchers awarded to the project by HUD)

2. The vouchers will be used solely at the request and discretion of the Harwell Board of Directors

3. Existing Harwell Residents that resided in the property at the time of prepayment will be given preference in filling PBV units within Harwell in accordance with the Cambridge Housing Authority's Housing Choice Voucher Administrative Plan.

4. The Cooperative will be allowed to fill a new PBV unit or refill a vacated PBV unit with an income eligible resident of the Cooperative that resided at Harwell at the time of prepayment head of taking an applicant off the CHA waiting list.

5. The resident payment on the Project Based vouchers will equal 30% of their adjusted income as long as the carrying charge remains at or below the current payment standard.

6. For existing residents that resided in the property at the time of repayment, the income limit for PBV's would be 80% of AMI.

7. For new residents coming into the Co-op the income limit for PBV's would be 50% of AMI.

8. CHA staff will seek the approval of the CHA Board of Commissioners to establish a separate waiting list for the Cooperative because of the unique nature of Cooperatives and the buy in requirement. In accordance with the Cambridge Housing Authority's Housing Choice Voucher Administrative Plan, Harwell will perform its own resident selection for PBV units as long as it is in accordance with a written Resident Selection Plan. All PBV residents will be subject to final approval of the CHA.

9. New units that are activated by the Cooperative or existing PBV units that become vacant will be filled from Harwell's a site based waiting list except for units that are filled by existing Harwell residents that resided in the property at the time of prepayment.

10. Harwell agrees that once a Project Based Voucher is activated it will continue to be utilized at the property throughout the remaining term of the agreement between the CHA and Harwell. i.e. – when a PBV assisted member leaves the property or no longer is in need of PBV assistance, the Cooperative will make best efforts to transfer the PBV to another PBV eligible household at Harwell provided that resident resided at the property at the time of repayment or a new member when a unit becomes available.

11. If a PBV assisted member dies and their unit/share is willed to an heir under the terms of the Cooperative's By-Laws, the PBV subsidy will be transferred to another eligible member of the Cooperative that resided at the property at the time of repayment, subject to the approval of CHA. If there are no members at that time who are eligible or in need of PBV assistance, the Cooperative will fill the next unit that becomes available through turn over with a PBV eligible and approved shareholder.

D. Process and Responsibilities

Harwell Homes Inc. and the CHA agree to comply with the provisions stated above.

- Based on the current owner's prepayment of the HUD mortgage on November 1, 2012, HUD has reserved funding for enhanced vouchers which can only be used by income-eligible households who reside in the property on the prepayment date. To be eligible for an enhanced voucher, annual family income must be at or below 95% of AMI. (The income limits are in Attachment D.)

- The CHA will meet with each family in the property and determine income eligibility for receipt of an enhanced voucher and if the family has opted to convert, for participation in the project-based voucher program. To be eligible to participate in the project-based voucher program, annual family income must be at or below 80% of AMI. (See Attachment D). The CHA will also inspect the units in the property for compliance with Housing Quality Standards.

- Any family that has opted to participate in the project-based voucher program that is determined to be over income to participate will still be reviewed for receipt of an enhanced voucher.

- Harwell Homes Inc. and the CHA will enter into at least a 15 year Housing Assistance Payments (HAP) contract for a specified number of apartments in the building. While CHA has committed 10 vouchers for project based units the contract number may increase if existing families choose to project base their voucher.

SO AGREED.

Nancy Brown

President, Harwell Homes Inc
Harwell Homes Inc.

8/20/13
Date

~~Gregory Russ~~ Michael Johnston
~~Executive Director~~ Dep Ex Dir
Cambridge Housing Authority
675 Mass Ave.,2nd floor
Cambridge, MA 02139

9/9/2013
Date

Attachment A

Current Rent Formulas for Residents at Harwell Homes

1. Carrying Charge: Tenants pay no more than the maximum carrying charge rent. However, the rent can never be more than the maximum carrying charge rent.

2. CHA tenant-based Section 8 housing choice vouchers: Tenants' rents are calculated under CHA's "Rent Simplification" rules. Tenants generally pay 30% of adjusted income for rent.

Attachment B

MINIMUM RENT

FOR THOSE WHO STAY AT HARWELL HOMES APARTMENTS WITH ENHANCED VOUCHERS

Residents with enhanced vouchers who stay at Harwell Homes will pay the greater of 30% of their income or their current carrying charge as their contribution to their monthly carrying charge.

The residents current carrying charge at the time or prepayment is now their minimum rent.

FOR THOSE WHO STAY AT HARWELL HOMES APARTMENTS WHO ELECT PROJECT BASED ASSISTANCE

Residents who choose to stay with project based assistance will pay 30% of their adjusted income for rent but not less than a $50 a month minimum rent.

Attachment C

RENT SIMPLIFICATION POLICY OVERVIEW – MTW HCV

Determining Income:

Assets: CHA excludes income from assets worth less than $50,000.

Income: Prospective and past income can be used to calculate income for the purpose of rent determination.

Determining rent:

Annual Income: means all amounts, monetary or not, which go to, or on behalf of the head of household or spouse (even if temporarily absent) or to any other household member; or are anticipated to be received from a source outside the household during the 24–month period following admission.

Adjusted Income : the income upon which income-based rent is based, means Annual Income less the allowable childcare or medical deductions.

Rent is calculated at 30% of your adjusted income.

Minimum Rent: The minimum rent any household can pay before adjustment for utilities is $50.00 month. Households paying minimum rent are referred to social service providers for benefit counseling.

Zero Income Households:
Households claiming zero income pay zero rent for 90 days. Households claiming zero income after 90 days are required to provide a certification of zero income and a family budget form. After 90 days household will pay a minimum rent of $50. Utility Assistance Payments (UAPs) are not paid to families claiming zero income.

Recertification:

- Annual / Biennial Recertification's: Household incomes and rents are recertified annually. Elderly and or disabled household are recertified biennially.
- Interim Recertification's: Households who experience significant drops in income or increased eligible childcare and/or medical expenses can have an interim recertification to temporarily reduce their rent. Households paying interim rents must report any change in the circumstances that required the rent decrease within 30 days and have their rent readjusted.
- Number of Interims Allowed: Family households are limited to 1 interim rent adjustment between regularly scheduled annual recertifications.
- There is no limit on the number of times an elderly or disabled household can request an interim Recertification between regularly scheduled annual recertification's.

Hardship Waivers:
Eligibility: Households experiencing significant, unexpected, long-term (expected to last more than 30 days) drops in income or increases in eligible expenses may apply for and receive a Hardship Waiver.

Criteria: Household paying more than 50% of adjusted income towards rent and utilities.
Hardship Applications are reviewed by CHA's Hardship Committee. If a Hardship waiver is granted, it counts as an interim recertification.
Family households can apply for Hardship waivers even if they've used the interim permitted between annual recertifications.

Attachment E

Occupancy Standards:

Bed Rooms	Minimum Persons Per Unit	Maximum Persons Per Unit
Studio	1 person	1 person
1	1 persons	2 persons
2	2 persons	4 persons
3	3 persons	6 persons
4	4 persons	8 persons
5	5 persons	10 persons
6	6 persons	12 persons

The following principles govern the size of the subsidy for which an applicant will qualify:

a. Generally, two people are expected to share a bedroom.
b. Two children will be required to share a bedroom except as follows:

i. Children of the same sex, seventeen years of age and below, whose birth dates are more than ten years apart, will not be required to share a bedroom.

ii. Children of different sexes will share a bedroom, with the oldest permissible age for sharing set at seven years of age.

c. Adults (eighteen and over) who are spouses or in an equivalent relationship are required to share a bedroom.
d. Adults (eighteen and over) who are co-heads are not required to share a bedroom although they may do so at their request.
e. Adults (eighteen and over) who are neither spouses nor co-heads are not required to share a bedroom although they may do so at their request;
f. A single head of household parent will not be required to share a bedroom with his/her child, although they may do so at their request.
g. An unborn child will not be counted as a person in determining subsidy size.
h. Subsidy size will be determined by the household members present (including custody arrangements) at the time of screening with exception made for household members temporarily away for school or military service or children in temporary custody of an agency, provided that there is expected reunification within the ensuing twelve-month period.
i. In cases of joint legal or physical custody, the household will be awarded a bedroom only if it can be shown that, over the past twelve months, the child has spent more than 50% of their time living with the household. This is defined as 182.5 days of the year, which do not need to run consecutively. In no event can a child receive federal subsidy concurrently at more than one unit.
j. While a live-in aide may be assigned a bedroom and added to the lease as a permitted occupant, the aide has no survivorship rights to the subsidy. Single elderly or disabled households with live-in aides will be assigned a two-bedroom subsidy.
k. CHA does not permit a live-in aide's family members to reside in the subsidized apartment.
l. Foster children or foster adults who are listed on the application or lease will be housed in accordance with the guidelines above.

m. Living rooms may be used as a bedroom at a household's discretion, subject to the State Sanitary Code.

Attachment F

Definition Household

Head of Household
The adult member of the household who is the head of the household for purposes of determining income eligibility and rent and has legal responsibility for lease compliance.

Household
A household can be any of the following:

1. Two or more persons residing in the same dwelling as their primary residence:

a. All of whose income and resources are available to meet the households needs; and
b. Who are related by blood, marriage, or operation of law; or
c. Who have otherwise evidenced a stable inter-dependent relationship.

2. One Person.

3. Disabled Household. A household whose head, spouse and/or sole member is an elderly person. The term "elderly household" includes an elderly person, two or more elderly persons living together, and one or more persons who are determined to be essential to the care or well-being of the elderly person or persons. An elderly household may include elderly persons with disabilities and other household members who are not elderly.

4. Elderly Household. An individual who is at least sixty (60) years of age.

The following instances **do not** meet the definition of a household:

5. Boarders, lodgers or transient paying guests;
6. Unrelated adults who have not lived as household members on a regular basis

Attachment D

HUD Income Limits for City of Cambridge (as of 12/1/12)

Household Size	80% Area Median Income (AMI) Project-Based Vouchers	95% AMI Enhanced Vouchers
1 person	**$47,150**	**$62,800**
2 persons	$53,900	$71,750
3 persons	$60,650	$80,700
4 persons	$67,350	$89,700
5 persons	$72,750	$96,850
6 persons	$78,150	$104,050
7 persons	$83,550	$111,200
8 persons	$88,950	$118,400