

## **Preservation of Briston Arms Apartments Resident Disclosure, Policy Statement, and Agreement**

The primary purpose of this document is to ensure that every resident of Briston Arms Apartments has sufficient information regarding the plans for the property in which they reside, as well as the ability to maintain the continued affordability of that property, so that they can make an informed decision regarding their subsidy going forward.

This document also memorializes the commitments of the Cambridge Housing Authority (CHA), and of Preservation of Affordable Housing, Inc. (POAH) through POAH Briston Arms LLC, which is the general partner of Briston Arms Preservation Associates Limited Partnership, the legal entity which will be acquiring the property. Please note that subsidies, resident choices, and commitments outlined below are applicable only if Briston Arms Preservation Associates LP, or its designee, is able to obtain Enhanced Vouchers (EVs) from the U.S. Department of Housing and Urban Development (HUD) for the residents of Briston Arms Apartments.

### **A. BACKGROUND**

Briston Arms Apartments is a 154-unit apartment community located in Cambridge, MA. The development has fifteen (15) studios units, forty four (44) one-bedroom units, ninety (90) two-bedroom units and five (5) three-bedroom units. Seventy-three (73) apartments have rental subsidies through a Project Based Section 8 Housing Assistance Payments (HAP) contract that make the rents affordable to persons with low income. The current HAP has an expiration date of January 31, 2016. An additional thirty-two (32) apartments (the "Section 236 Units") are restricted to low and moderate income residents, under the terms of a Plan of Action and Use Agreement which is due to expire on April 1, 2018. The remaining forty-nine (49) units are unrestricted/market-rate.

Preservation of Affordable Housing, Inc. (POAH), a Boston-based affordable housing nonprofit, is seeking to acquire and preserve Briston Arms Apartments as affordable housing for the long term. POAH intends to prepay the existing Section 236 mortgage upon acquisition, which will allow the property to support new financing to help pay for the property's acquisition and renovation. MassHousing holds the first mortgage, and has given consent for Briston Arms Preservation Associates LP to prepay the mortgage on or about June 16, 2015.

The prepayment of the mortgage will result in the termination of the related Regulatory Agreement with MassHousing that restricts rents for some units, but the Plan of Action and Use Agreement will remain in place until April 1, 2018, meaning that the current effective rent restrictions will remain in place at least until that date.

Additionally, POAH will put in place new long-term affordability restrictions which will take effect as of mortgage prepayment, on or about June 16 2015, as follows:

1. Units assisted under the existing Project-Based Section 8 HAP Contract will continue to be assisted and restricted under the terms of that program.

2. Section 236 Units occupied by qualifying households will be restricted under the Low Income Housing Tax Credit (LIHTC) program, which will restrict rents to levels affordable to households earning 60% of Area Median Income (AMI) for at least 40 years.
3. Section 236 Units which are not occupied by LIHTC qualified households at the time of closing will be regulated under the existing Plan of Action and Use Agreement until its expiration on April 1, 2018; after that date rent increases will be limited to no more than 10% per year for existing residents. When existing residents of non-LIHTC Section 236 units move out, these units will become restricted under the LIHTC program (see #2 above).
4. Market-rate / unrestricted units will have rent increases limited to no more than 10% per year for existing residents (this restriction will not apply to new residents moving in after the prepayment).

The prepayment of the existing Section 236 mortgage will also trigger the issuance of new Enhanced Vouchers ("EVs") for all income-eligible households in the property's 81 non-Section 8 units (including both Section 236 and unrestricted units). Residents will have the option of keeping the EV or electing to convert it to a Project-Based Voucher (PBV); more information on the implications of this choice for residents is below, and CHA will assist each affected household to reach an informed and independent decision. CHA will hold a resident meeting on April 7, 2015, to inform the residents of the process for the issuance of EVs and PBVs, followed by individual meetings with each household.

POAH and CHA hope that in addition to considering their individual circumstances in choosing between EV and PBV options, affected residents will also consider the impact of this choice on the long-term stability and affordability of Briston Arms Apartments. Because EVs deliver relatively higher revenue to the property than PBVs, a higher number of residents initially selecting EVs should allow the purchase transaction to support more intensive renovations, and to extinguish debts to the City of Cambridge and other subordinate lenders more rapidly, improving the property's financial stability. Because CHA has committed to a Project Based Contract for up to 50 units in total, CHA can reserve a number of PBVs to put in place if residents elect to retain EVs and then later move away, the property can secure the financial benefit of the initial EV and the long-term affordability of the PBV contract for 50 units.

**The following sections are intended to ensure that affected residents have the information necessary to make a fully informed decision about whether to request an EV or a PBV.**

## **B. FORMS OF AVAILABLE RENTAL VOUCHER ASSISTANCE**

As noted above, qualifying residents may be eligible to receive either an Enhanced Voucher ("EV") or a Project-Based Voucher ("PBV"). For residents, the two main differences between an EV and a PBV are:

- The formula for determining the tenant's portion of the rent; and
- The ability to move immediately with rental assistance (referred to as "mobility").

## 1. ENHANCED VOUCHERS (EVs)

### a. Description

EVs are portable rental subsidy vouchers assigned to eligible households – not attached to individual housing units. Following the prepayment of the property's existing Section 236 mortgage, EVs will be made available to Briston Arms Apartments households who are:

- Not currently living in units assisted under the property's Section 8 HAP contract AND
- Not earning more than 95% of the Area Median Income (AMI) - see Attachment B: Briston Arms Enhanced Voucher Income Limits 2015).

Households who are eligible for EVs may also be eligible to elect to convert their EV to a PBV, as further detailed below.

### b. Rent For Residents Who Remain at the Property

Rents for market-rate unrestricted units at Briston Arms Apartments will be rising to \$1690 for a Studio, \$1950 for a One-Bedroom, \$2282 (average) for a Two-Bedroom, and \$3295 for a Three-Bedroom.

Income-eligible residents will be protected from this rent increase by the issuance of EVs, which cover the market rent for residents who accept an EV and remain at the original property: The household contributes a "tenant share," and the voucher covers the difference between the tenant share and the market rent. The tenant's share is generally the **greater** of (A) the total dollar amount they paid for rent and utilities as of the date of mortgage prepayment, or (B) 30% of the household's adjusted gross income. If a household's income declines by more than 15% from the date of the prepayment, their rent can be recalculated at 30% of the new, lower income.

Additionally, residents of the 32 Section 236 units governed by the existing Plan of Action and Use Agreement (the POA) will continue to have their rent adjustments restricted by the terms of the POA until that restriction expires in April 2018. However, after April 2018, these units (unless otherwise restricted) may be subject to rent increases up to market-rate levels, and so residents of these 32 units are advised to apply for and utilize EVs (or PBVs) to ensure they are protected from increases after April 2018. Plan Of Action residents currently living in Section 236 units who chose to utilize an EVs now will not face any differential in their rent payments during the period the POA is in force (through April 2018).

Finally, residents of market-rate units who are currently assisted by mobile housing choice vouchers (HCVs) will be eligible to receive EVs. Because the new market rents for Briston Arms Apartments will be higher than the CHA payment

standard, HCV residents will face an increased tenant rent share unless they exchange their existing HCV for an EV. As described in section (c) below, EVs are convertible to HCVs when and if residents elect to move away.

**c. Mobility; Rent for Residents Who Choose to Move**

EVs are mobile, which means that a household may use its EV either at Briston Arms Apartments, or to move now or at any point in the future to rent another apartment wherever he/she chooses, so long as it passes a physical inspection and the rent is reasonable. The tenant pays 30% of income if the rent does not exceed the payment standard for the City or Town where the resident is planning to move. Currently in Cambridge, the payment standard for a one bedroom apartment with all utilities included is \$1,495. The tenant's share of rent may rise to 40% or more of adjusted monthly income if the rent charged by the landlord exceeds the payment standard.

If a resident chooses to use their EV to move away from Briston Arms Apartments to another property, that EV subsidy leaves Briston with the resident – but CHA has committed to “backfill” (in other words, replace at turnover) each departing EV with a PBV up to a maximum of 50, ensuring that the property remains deeply affordable for future residents.

**2. PROJECT-BASED VOUCHERS (PBVs)**

**a. Description**

PBVs are Section 8 vouchers that are assigned to specific apartments, rather than to specific families. Residents who qualify for EVs as described under (2a) above AND whose adjusted gross income is less than 80% of AMI may elect to convert their vouchers to PBVs (see Attachment B: Briston Arms Project Based Voucher Income Limits 2015).

**b. Rent for Residents Who Remain at the Property**

Residents of PBV-assisted units generally pay 30% of adjusted income for rent and utilities. If the family experiences a change of income, they may report it and their portion of the rent will be adjusted up or down, based on 30% of their new/revised income (minus the CHA utility allowance for tenant paid utilities).

Although the Project-Based Vouchers will be part of the Cambridge Housing Authority's Moving to Work (MTW) program, the CHA will use the federal regulations for the project-based Section 8 voucher program (currently found at 24 CFR 5.601 – 5.634) and \$50 as the ‘minimum rent’ required (for rent plus utility allowance). In addition, for mixed immigrant families, the CHA will use, as a total tenant payment, 30% of adjusted monthly income plus 10%. The CHA will use its own utility allowance schedule for tenant paid utilities, rather than the MassHousing schedule previously used.

As with EVs, residents of the 32 Section 236 POA-restricted units who do not currently have Project-based Section 8, and who elect PBVs, will continue to have their rent levels restricted under the terms of the POA through April 2018.

**c. Mobility; Rent for Residents Who Choose to Move**

Residents of PBV units do not have the ability to move immediately with the benefit of rental assistance. Since the voucher is attached to the apartment and not to the family, any request by the family to move with rental assistance means that the CHA must issue a new voucher to the family while also maintaining the PBV for the next household that will occupy the unit. Because there is a limited supply of vouchers, the CHA must wait for a voucher to become available before it can issue a tenant-based voucher to the family.

After two years, residents of Briston Arms Apartments that have converted to a PBV can request and obtain a tenant-based voucher if one is available. If none are available, the resident will get a priority for the next available tenant-based voucher. The resident's name will be placed on the CHA's wait list (which is organized chronologically by date of request) and a tenant-based voucher will be issued when one becomes available (and before any such vouchers are offered to regular HCV applicants on the CHA's waiting list).

When a resident in a Project-Based apartment requests and obtains a Tenant-Based Voucher (which may involve a wait, as described above), the Tenant-Based Voucher is subject to the CHA's MTW and Rent Simplification rules. A summary of the Rent Simplification rules can be found in Attachment C.

**3. MISCELLANEOUS PROVISIONS**

Briston Arms Preservation Associates LP will not permanently displace any current resident of Briston Arms Apartments except for good cause related to tenant fault.

For current residents of Briston Arms Apartments who elect either an EV or a PBV, the CHA will screen (and may deny) said residents only for income eligibility, immigration eligibility, student status, and the federally mandated reasons found at 24 CFR 982. 552(b) and 982.55.3

**C. REHABILITATION SCOPE**

Briston Arms Preservation Associates LP has applied for and received Low Income Housing Tax Credits (LIHTC) and other public and private funding for this transaction. These resources will support a scope of renovations including:

- Improvements to building façade
- Upgrades to electrical panels
- Upgrades to heating system within the units

- New windows and blinds
- Upgraded building access
- Repairs to sidewalks
- Landscaping improvements
- Select new kitchen cabinets, sink, countertop, light and appliances
- Select new bathroom vanity, sink, toilet, faucets, showerhead, medicine cabinet, lighting, bath fan and towel bars
- Conversion of 8 units into fully ADA compliant

#### **D. FUTURE TENANT SELECTION**

CHA will maintain a separate wait list for Briston Arms that will be based on date and time of application, preference and emergency criteria in accordance with its approved HCV Administrative Plan. When a vacancy is anticipated in a project-based voucher unit at Briston Arms, the owner or manager will notify the CHA's Leased Housing Department and the CHA will then send the owner/manager the names of applicants (eligible for that bedroom size) in the order of CHA's wait list. Selection of applicants from the wait list must be in accordance with the provisions found in the CHA's HCV Administrative Plan. The owner/manager will screen all applicants forwarded by the CHA in accordance with its approved Tenant Selection Plan. Once an applicant has been screened and selected, the applicant and his/her file shall be referred to the CHA Leased Housing Department to be income-certified and/or receive a final determination of eligibility.

#### **E. PROCESS AND RESPONSIBILITIES**

Below is a summary of the process that will be followed by CHA and the new owner:

1. On or around June 16, 2015, Briston Arms Apartments LP will purchase Briston Arms Apartments and begin the renovations outlined above.
2. As a result of the Section 236 mortgage being pre-paid HUD has set aside funding for the issuance of Enhanced Vouchers for all eligible households.
3. A representative from the CHA will come to the property to meet with each family to determine income eligibility for receipt of Enhanced Voucher or Project-Based Voucher, and to assist households in making a selection. To be eligible to participate in the EV program, annual family income must be at or below 95% of AMI; to be eligible to participate in the PBV program, annual family income must be at or below 80%. The income limits by household size can be found in Attachment B.
4. Briston Arms Preservation Associates LP and the CHA will enter into a fifteen-year Housing Assistance Payments (HAP) Contract for a specified maximum number of PBV units at the property.

5. To assure the viability and continued affordability of Briston Arms Apartments, CHA has pledged a reserve of back-up vouchers so that whenever a portable voucher holder (including EV recipients) move out their unit will be added to the PBV contract. The exact number of back-up vouchers needed in reserve will be established at execution of the new PBV HAP contract and will be set to ensure that the sum of project-based and back-up vouchers equals 50. An example of how the reserve is established and used can be found in Attachment C.
  
7. Briston Arms Preservation Associates LP, as a condition of the PBV HAP contract, will keep the property affordable for the duration of the contract, with a commitment to renew on comparable terms, if such a HAP contract is offered, with the goal of keeping the property affordable for at least thirty years. The CHA will offer three five year renewals of the HAP contract on comparable terms provided that Briston Arms Preservation Associates LP is in compliance with the contract, subject to continuation of its Moving to Work authority (or alternative authority) and availability of funding from HUD.

SO AGREED:

Briston Arms Preservation Associates LP


Cambridge Housing Authority

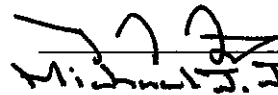
By: POAH Briston Arms LLC, its General Partner

362 Green Street

By: Preservation of Affordable Housing, Inc.,

Cambridge, MA 02139

its Managing Member  
  
 Rodger Brown,

  
 Michael J. Johnston Deputy  
 Gregory Russ, Executive Director

4-9-2015

Date

4/13/2015

Date

## Attachment A

### RENT SIMPLIFICATION POLICY OVERVIEW Moving to Work ("MTW") Housing Choice Vouchers ("HCV")

#### INCOME DETERMINATION

**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.

#### RENT DETERMINATION

**Annual Income:**

All income, monetary or otherwise, which is paid to or on behalf of the head of household, they spouse of the head of household (even if temporarily absent), or any other household member. Also those sources of income that household members anticipate receiving 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 adjusted income.

**Minimum Rent:**

The minimum rent any household may 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; such households will also be required to pay a minimum rent of \$50.

Utility Assistance Payments (UAPs) are not paid to families claiming zero income.

#### RECERTIFICATIONS:

**Annual / Biennial Recertifications:**



Household income and rent are recertified annually for non-elderly or –disabled households. Elderly and/or disabled household are recertified biennially (every two years).

**Interim Recertifications:**

Households experiencing significant reductions in income or increases in eligible expenses (e.g., childcare or medical care) may have an Interim Recertification to temporarily reduce their rent. Households paying rents based on Interim Recertifications must report any change in the circumstances that required the rent decrease within thirty days of occurrence. Their rents will be readjusted accordingly.

**Permitted Interims:**

Family households are limited to one Interim Recertification between regularly scheduled Annual Recertifications.

There is no limit on the number of times that an elderly or disabled household may request an Interim Recertification between regularly scheduled Annual Recertifications.

**HARDSHIP WAIVERS**

**Eligibility:**

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

**Criteria:**

Households 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 will count as an interim recertification.

Family households may apply for Hardship Waivers, even if they have used the one Interim Recertification permitted between Annual Recertifications.

Please note: The mortgages and other financing that are in place or may be put in place for the upgrades of the Smith House may require their own certification that may calculate your income differently. Such certifications do not calculate your portion of the rent.

**Attachment B**

**Briston Arms Enhanced Voucher  
2015 Income Limits**

<b>Household Size</b>	<b>95% Area Median Income (AMI)</b>
1 person	57,950
2 persons	66,200
3 persons	74,500
4 persons	82,750
5 persons	89,400
6 persons	96,000
7 persons	102,650
8 persons	109,250

**PBV Voucher  
2015 Income Limits**

<b>Household Size</b>	<b>80% Area Median Income (AMI)</b>
1 person	48,800
2 persons	55,800
3 persons	62,700
4 persons	69,700
5 persons	75,300
6 persons	80,900
7 persons	86,450
8 persons	92,050

**Attachment C  
BACK-UP VOUCHERS**

To illustrate how the reserve pool of back-up voucher is intended to work, let's assume that of the 81 households living in non Section 8 assisted units at Briston Arms Apartments, 20 are determined to be over-income for receipt of a project-based voucher, leaving 61 households that are eligible for PBVs as follows:

Total households	81
Not eligible for PBV	-20
Total units eligible for project-basing	61

Of the remaining 61, let us assume that 20 have chosen to convert their EVs to PBVs, while 41 have elected to retain their EV.

Eligible families	61
Families opting for EV	-41
Families opting to convert to PBV	20

In this example, the 20 families that initially select project-based vouchers will be counted against the overall contract for 50 which will leave a reserve of 30 back-up vouchers. These back-up vouchers will permit Briston Arms Limited Partnership to obtain PBVs to be put in place as EV residents move away over time and their units are occupied by new eligible households. These 30 vouchers designated as back-ups can be activated over the life of the contract.

### **Attachment D – Rent Phase-In Policy**

Briston Arms Preservation Associates LP appreciates all of the residents of Briston Arms Apartments. This Rent Phase-In Policy was created to prevent our residents from experiencing a financial hardship as a result pre-payment of the Section 236 Mortgage and the introduction of new housing programs, namely the Enhanced Voucher and Project Based Voucher programs. Please note, this policy applies only to residents living at Briston Arms Apartments as of the date the Section 236 mortgage is pre-paid (the “closing”). The pre-payment is expected to take place on or around June 16, 2015. Any household that moves in after the prepayment of the Section 236 mortgage is not protected by this rent increase phase in policy.

Any current household that receives an EV or a PBV and experiences more than a 5% increase to 30% of adjusted gross income for rent will have their rent capped at 5.1% above what they were paying for rent prior to the closing. This policy will continue at lease renewal for five years (2015, 2016, 2017, 2018, 2019). In January 2020, if the resident isn't already paying 30% of adjusted gross income per rent, the resident's portion of the rent will be increased to 30% of adjusted gross income.

Any current household that applies for an EV and is determined over-income for the EV will be limited to a 10% annual rent increase above the prior year's rent. These increases will be capped at 10% for the first five years (2015, 2016, 2017, 2018 and 2019), with the rent increasing to the then current unrestricted market rent in Year 6 (2020).