

Preservation of Mass Pike Towers

Resident Disclosure, Policy Statement, and Agreement

The primary purpose of this document is two-fold: First, to assure that every resident of Mass Pike Towers has sufficient information regarding the plans for the property in which they reside so they might make an informed decision regarding his/her subsidy going forward; and second, to assure that Mass Pike Towers remains affordable to its residents and residents in the community for many years to come.

Toward these ends, this document memorializes commitments of the Cambridge Housing Authority (CHA) and New Mass Pike Towers Limited Partnership ("Trinity") which promote the goals outlined above. Please note that subsidies, resident choices, and commitments outlined below are available only if Mass Pike Towers residents willingly participate in this process and make sound, timely decisions on what's best for them and their families.

A. BACKGROUND

Mass Pike Towers is a 200-unit apartment building located in Boston, MA. The development has fifty-two (52) one (1) bedroom units, one hundred thirty-four (134) two (2) bedroom units and fourteen (14) three (3) bedroom units. The property is situated in an extremely expensive housing market where the following average rents were determined through a quick internet search:

1 Bedroom	\$2,721/Month
2 Bedroom	\$4,070/Month
3 Bedroom	\$7,396/Month

Given these rents, it is very unlikely that you, and most of your neighbors, would be able to reside in this property if the rents even came close to these levels. Fortunately the rents at this property have been held very low because of various affordable financing covenants and subsidy programs that Trinity put into place many years ago. Unfortunately, after 15 years, some of these programs and commitments are expiring. However, with your support, Trinity has made a commitment to try to preserve Mass Pike Towers as affordable housing for the long term.

In July of 2014, the Section 236 mortgage was pre-paid. Consequently, on August 23rd, 2015, the rent restrictions associated with the Section 236 mortgage (as extended by MGL 40T) will expire. Over time (subject to 40T), this poses the possibility of exposing some tenants to potentially large rent increases. However, Trinity was encouraged to prepay as it presented a unique opportunity to secure new rental subsidies for every income eligible resident in the building not currently receiving rental subsidy under a HAP contract with HUD. These new rental subsidies are called Enhanced Vouchers (EV's).

Normally, eligibility under this program is limited to those families earning up to 80% of Area Median Income (AMI). However, because Mass Pike Towers is located in a "Low Vacancy Area," Families earning up to 95% of AMI will be qualified. This means that most Mass Pike Towers residents will be able to take advantage of the program. (See attachment "B" for HUD Income limits by family size for the City of Boston.)

Of the two hundred (200) total units at Mass Pike Towers, forty (40) apartments already have rental subsidies through a Housing Assistance Payments Contract ("HAP") that make the rents affordable to persons with low income. Largely unaffected by any future increases at the property, these residents will never pay more than 30% of their income for rent. The expiration date of this HAP Contract is November 30, 2034.

As for the remaining 160 units, as a result of the prepayment, Trinity was able to obtain an allocation from HUD of 157 EV's which will be provided through the Cambridge Housing Authority (CHA). This is a potential windfall to many of the residents in the property who are either currently paying more than 30% of their income for rent, or who will likely be paying more than 30% as rent restrictions expire. It is also an opportunity to insure that Mass Pike Towers remains an affordable housing resource in the community for many years to come.

Income-eligible residents in the property who are not already receiving rental subsidies under the HAP Contract will be offered an EV. As will be discussed during resident meetings to be held later this month, each household will have the option of converting its EV to a Project Based Voucher (PBV), which is a subsidy that is assigned to and remains with a specific unit. Converting a significant number of EV's to PBV's would allow Trinity to refinance, renovate and preserve the affordability of the property. Additionally, should a resident currently possess a Section 8 Mobile Voucher from a housing authority that is not CHA, the tenant will have the option of keeping the Section 8 Mobile Voucher, opt to receive and keep the EV, or elect to project-base the EV.

The following sections are intended to ensure that residents have the information necessary to make a fully informed decision about whether to provide that consent.

B. ENHANCED VOUCHERS (EV'S)

1. Description

EV's are very similar to Mobile and/or Project Based Section 8 subsidies, in that they provide a deep rent subsidy to low and moderate income residents. They are typically issued by HUD to protect existing residents from large rent increases when pre-existing subsidies or rent restrictions expire. (In the case of Mass Pike Towers, it was the expiration of the Section 236 subsidy and rent restrictions, which occurred in July of 2014).

Massachusetts General Law 40t extended the 236 rent restriction remain with the unit in which they are currently living under a 15 year contract with HUD. As long as the resident remains in that apartment, he/she will receive the benefit of the project based EV.

2. Rents for Residents Who Keep the EV and Leave the Property

The resident may use the EV to rent another apartment wherever he/she chooses so long as it passes 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. For example, currently in Boston, the payment standard for a one bedroom apartment with all utilities included is \$1,315. The tenant's share of rent may rise dollar for dollar up to 40% or more of adjusted monthly income if the rent charged by the landlord exceeds the payment standard.

3. Rent For Residents Who Keep the EV but Decide to Remain at the Property

Residents who accept the EV will have to pay the greater of their current rent or 30% of their adjusted gross income, whichever is higher. However, there is a minimum amount which the resident must pay regardless of any future change in income. In general, the tenant must pay the same total dollar amount for rent, plus utility allowance, as the amount required on the date of mortgage prepayment. Thus, should there be a decrease in adjusted gross income, the rent will have a floor that could result in the tenant paying more than 30% for rent.

4. Rent For Residents Who Choose to Convert to a Project Based Voucher (PBV)

Those residents staying at Mass Pike Towers with a PBV will pay only 30% of adjusted income for rent and utilities, which could be less than the rent for some residents who keep the EV. If the family experiences a change of income, they may report it and their portion of the rent is adjusted up or down but continues to be based on 30% of their income, minus utility allowances for tenant paid utilities. (This is in contrast with those not converting to PBV, whose minimum rent will be the rent they were paying on the date of mortgage repayment (July 2014), regardless of any change in their income.

What is important to note is that after two years, residents of Mass Pike Towers 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). *Thus, even after choosing to Project Base the EV, the tenant has the option to change back to a Mobile Voucher after 2 years.*

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.

5. Miscellaneous Provisions

- a. Trinity will not permanently displace any current resident of Mass Pike Towers except for good cause related to tenant default.
- b. While the Section 236 program will expire, the property is still subject to rent limitations arising from The Section 42 Low Income Housing Tax Credit Program (which applies to 190 of the 200 units) and the Federal HOME program, which applies to 34 units. These limitations were put in place by Trinity upon its acquisition and rehab of the property in 2000-2001, and will remain in effect for 55 more years.

- c. Although the Project-Based Vouchers will be part of the CHA'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).
- d. For mixed immigrant families, the CHA will use, as a total tenant payment, 30% of adjusted monthly income plus 10%.
- e. The CHA will use the approved Boston Housing Authority utility allowance schedule for tenant paid utilities, rather than the schedule previously used.
- f. For current residents of Mass Pike Towers 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

As it did 15 years ago, Trinity hopes to undertake a significant renovation of Mass Pike Towers as a result of a refinancing of the property. (Unlike in 2000, Trinity does not anticipate using any city or State subsidies, or Federal Low Income housing Tax Credits.) The exact scope of the refinancing cannot be finalized until every eligible tenant has made his or her decision regarding the EV's. To be sure, the number of tenants who agree to convert to a PBV will have a major impact on the level of improvements that can be undertaken. As it did back then, Trinity would hope to make improvements to all kitchens and baths, HVAC systems, common halls and the lobby, as well as the grounds around the property. Now, as then, Trinity expects to work very closely with the residents in fine tuning and finalizing an overall scope of work for the property as well as scheduling and coordinating with individual tenants specific work to be done in and around their units. The goal is to complete the work with minimal disruption to the tenants as possible. It is expected this work would commence in March of 2016, and be substantially completed by the end of 2018.

D. FUTURE TENANT SELECTION

Trinity Management, LLC will continue to maintain a waiting list for Mass Pike Towers based on date of application, preferences, emergency criteria or other regulated/required/applicable criteria. When a vacancy is anticipated in a Project-Based Voucher unit at Mass Pike Towers, the owner or manager notifies the CHA's Leased Housing Department and the owner or its manager will then screen the applicant in accordance with its approved Tenant Selection Plan and will forward the completed file to CHA for final certification.

E. PROCESS AND RESPONSIBILITIES

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

1. As a result of the Section 236 mortgage being pre-paid, HUD has set aside funding for the issuance of EVs for all eligible households. To be eligible for an EV, annual family income must be at or below 95% of area median income ("AMI"). The income limits can be found in Attachment B.
2. A representative from the CHA will come to the property to meet with each family to determine income eligibility for receipt of an EV or PBV.

3. Trinity and the CHA will enter into a fifteen-year HAP Contract for a specified number of apartments in the property.
4. To assure the viability and continued affordability of Mass Pike Towers, CHA has pledged a reserve of back-up vouchers. The exact number of back-up vouchers needed in reserve will be established at execution of the HAP Contract and will be set to ensure that the sum of PBV and back-up vouchers equals 157 as long as 80% or more of the residents elect a PBV. An example of how the reserve is established and used can be found in Attachment C.
5. Trinity, as a condition of the 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 Trinity 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:

New Mass Pike Towers Limited Partnership
New Mass Pike Towers, Inc, General Partner
C/O Trinity Financial, Inc.
75 Federal Street
Boston, MA 02110

Cambridge Housing Authority
362 Green Street
Cambridge, MA 02139



James G. Keefe, President



Gregory Russ, Executive Director

Date: 6-15-15

Date: 6-15-15

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, the 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 Recertification:

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 Recertification:

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 Recertification 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 Recertification.

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

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 Recertification.

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

Attachment B
2015 HUD Income Limits for City of Boston

Household Size	80% Area Median Income (AMI)	95% Area Median Income (AMI)
1 person	\$55,200	\$65,550
2 persons	\$63,040	\$74,860
3 persons	\$70,960	\$84,265
4 persons	\$78,800	\$93,575
5 persons	\$85,120	\$101,080

**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 157 households not receiving rental subsidies under the HAP Contract living at Mass Pike Towers, 1 is determined to be over-income for receipt of either an enhanced voucher or a project-based voucher, leaving 156 households that are eligible for PBVs as follows:

Total households	157
Not eligible for PBV	-1
Total units eligible for project-basing	156

Of the remaining 156, let us assume that 128 have signed binding commitments to participate in the Project-based Voucher program, while 28 have declined to convert to PBV.

Eligible families	156
Families opting for TPV/declining to convert	-28
Families opting to convert to PBV	128

In this example, New Mass Pike Towers Limited Partnership can obtain only 128 PBVs and is 29 (1 + 28) vouchers short of its goal of project-basing all 157 units. CHA will establish a reserve of 29 back-up vouchers that would permit New Mass Pike Towers Limited Partnership to obtain PBVs for these units as they turn over and are occupied by new eligible households. Under these circumstances, the HAP contract for Mass Pike Towers would be for 157 units with 29 of those vouchers designated as back-up that can be activated over the life of the contract. This number is contingent upon getting at least 80% of the current residents to elect a PBV.

Attachment D - Rent Phase In Policy

Trinity appreciates all of the residents who reside at Mass Pike Towers, especially those who have been with the property as long as we have. This Rent Increase Policy was created to prevent our residents from experiencing a financial hardship as a result of pre-payment of the Section 236 Mortgage and the introduction of new housing programs, namely the Enhanced Voucher ("EV") and Project Based Voucher Program ("PBV"). Please note, this policy applies only to residents living at Mass Pike Towers as of the date the Section 236 restrictions expire which is August 23rd, 2015.

Subsidy Program	Tenant Rent Obligation
EV Converted to PBV	Tenant pays 30% of adjusted gross income. Resulting rent increases will be phased in at a rate of 10% per year for each lease renewal until tenant contribution equals 30% AMI*
EV	Tenant rent will be the higher of 30% of adjusted gross income or current rent paid as of August 23rd, 2015. Rent increase will become effective at next lease renewal.
Mobile Voucher (not administered by CHA)	Tenant rent will be at 30% of adjusted gross income plus the difference between 120% Fair Market Rent and 110% Fair Market Rent (1BR - \$119, 2BR - \$148, 3BR - \$186).
EV Ineligible – Living in a Tax Credit / HOME Program Assisted Unit	Tenant Rent will be set at Section 42 rents (1BR - \$1,108, 2BR - \$1,330, 3BR - \$1,536) or HOME Program rents (1BR - \$923, 2BR - \$1,108, 3BR - \$1,280) depending on the type of program restriction governing the unit at the time of lease renewal.
EV Ineligible – Living in a Market Unit	Tenant Rent will be set at 120% Fair Market Rent determined by HUD (1BR - \$1,4,35, 2BR - \$1,793, 3BR - \$2,233)

*Resident Subsidy Fund will be utilized to supplement the difference between tenant contribution amount of 30% adjusted gross income less actual contribution paid during phase increase years.