

# Preservation of Coes Pond Village

## Resident Disclosure, Policy Statement, and Agreement

The primary purpose of this document is to assure that every resident of Coes Pond Village has sufficient information regarding the plans for the property in which they reside, understand how they can help to maintain the property as a viable resource for the community and provide enough information so that they might make an informed decision regarding his/her subsidy going forward. This document also memorializes commitments of the Cambridge Housing Authority (CHA) and Coes Pond Holdings Limited Partnership.

Bear in mind that subsidies, resident choices, and commitments outlined below are applicable only if Coes Pond Limited Partnership, 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 *Coes Pond Village*.

### A. BACKGROUND

Coes Pond Village is a 250-unit apartment building located in Worcester, MA. The development has 200 one (1) bedroom units and 50 two (2) bedroom units. Currently, the property is financed with a Section 236 mortgage. Two hundred and fifty (250) apartments have rental subsidies through the Rental Assistance Payment ("RAP") program that make the rents affordable to persons with low income. The expiration date of the RAP contract is May 1, 2016.

At this time, the rents for the property are set at \$644 for One Bedroom and \$764 for a Two Bedroom.

Coes Pond Limited Partnership, the current owner, is seeking a way to preserve a percentage of Coes Pond Village as affordable housing for the long-term, even after the affordability restrictions expire. To accomplish this, Coes Pond Limited Partnership intends to prepay the Section 236 mortgage in order to obtain Enhanced Vouchers ("EVs") for all income-eligible households. Residents will then have the option of keeping the EV or electing to project-base the EV. Each income-eligible resident in the property will be offered an Enhanced Voucher ("EVs"). As discussed during previous resident meetings, each household will have the option of converting its EV to a Project Based Voucher. A mixture of EVs and PBVs would be a desirable outcome for the project and community as it would be create a long term mixed income asset with appropriate financial capacity to allow for significant future capital improvements.

**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. VOUCHERS

For residents, the two main differences between Enhanced Vouchers ("EVs") and Project-Based Vouchers ("PBVs") are:

- The formula for determining the tenant's portion of the rent; and

- the ability to move immediately with rental assistance.

## 1. ENHANCED VOUCHERS (EVs)

### a. Description

The maximum rent that an EV can pay is typically capped at the market rent per unit size for the area. Because the market rents at Coes Pond Village will be rising to \$1,236 for a One Bedroom and \$1,472 for a Two Bedroom, residents who accept the EV will have to pay the greater of their current rent or 30% of their adjusted gross income for rent, whichever is higher.

### b. Mobility

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. However, any tenant receiving/selecting an EV will be able to remain at the property for as long as they wish, no different than if they chose a PBV. 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 Worcester, the payment standard for a one bedroom apartment with all utilities included is \$914 and for a two bedroom it is \$1,155. 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.

After April 1, 2021 when Coes Pond Village residents move on, the EV is lost to Coes Pond Village if the person who had the EV lived in one of the 22 non-tax credit units and the next tenant will have to pay the full rent regardless of their income. If the resident lived in one of the 22 non-tax credit units, Winn agreed with MassHousing that the prepayment would be neutral to Coes Pond and that the 236 rent cap would stay in place through the 40T period which is 3 years after the maturity date of the 236 loan.

### c. Rent For Residents That Choose To Remain At The Property

Again, market rents at Coes Pond Village will be rising to \$1,236 for a One Bedroom and \$1,472 for a Two Bedroom and residents who accept the EV will be permitted to stay as long as they wish with the selection of the EV. As noted above, the resident 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. This will generally be higher than the CHA's minimum rent for its other voucher programs.

## 2. PROJECT-BASED VOUCHERS (PBVs)

### a. Description

PBVs are Section 8 vouchers that are assigned to specific apartments and belong to the property, rather than to you/specific families. In order to attach these vouchers to the property, the owner and the CHA must enter into a contract of at least fifteen years. During this time, those units are guaranteed to remain affordable. As long as a resident remains in that apartment until the expiration of the initial 15 year contract term or any extensions, he/she will receive the benefits of the voucher.

b. Mobility

The resident living in an apartment with a PBV does 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 Coes Pond Village 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).

c. Rent for Residents That Remain At The Property

The contract rents for the apartments that convert to PBV will be set at 120% of the published FMR for Worcester; currently \$997 for a one bedroom and \$1,260 for a two bedroom. Those residents staying at Coes Pond Village Apartments with a PBV will pay only 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 is adjusted up or down but continues to be based on 30% of their 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.

d. Rent for Resident That Choose To Move

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.

e. Miscellaneous Provisions

Coes Pond Village Limited Partnership will not permanently displace any current resident of Coes Pond Village except for good cause related to tenant fault.

For current residents of Coes Pond Village 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**

There are no major renovations planned for the building during the next 24 month period.

**D. FUTURE TENANT SELECTION**

Coes Pond Village Limited Partnership will continue to maintain a waiting list for the affordable PBV units based on date of application, preferences, emergency criteria or other regulated/required/applicable criteria. Under a separate agreement between the CHA and the Worcester Housing Authority (WHA), WHA will oversee new move ins to the PBV units. When a vacancy is anticipated in a PBV unit at Coes Pond Village , the Property Manager notifies the WHA's Leased Housing Department and then the Property Manager screens such applicants in accordance with its Tenant Selection Plan.

Future applicants will go to the WHA offices 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 current owner:

1. 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. To be eligible for an Enhanced Voucher, annual household income for an Elderly or Disabled household must be at or below 95% of area median income ("AMI"). For households that are not considered Elderly or Disabled, household income must be at or below 80% of AMI. The income limits can be found in Attachment B.


2. To be eligible to elect a conversion of the EV to a PBV, the household income must be at or below 80% of AMI.
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.
4. Coes Pond Village Apartments Limited Partnership and the CHA will enter into a fifteen-year Housing Assistance Payments (HAP) Contract for all units where a household has elected to convert from an EV to a PBV.
5. Coes Pond Limited Partnership, as a condition of the HAP contract, will keep those units that convert to PBV affordable for the duration of the contract, with a commitment to renew on comparable economic terms (adjusted for inflation), for 50 of the units or a greater number of units in the sole discretion of the owner, if such a HAP contract is offered, with the goal of keeping such units affordable for at least thirty years. The CHA will offer three five year renewals of the HAP contract on comparable economic terms provided that Coes Pond Limited Partnership 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:

*Coes Pond Limited Partnership*

By: *Winn Coes Pond LLC*, its General Partner

By: *Winn LLC Manager, Inc.*, its Managing Member



By: Gilbert Winn, its President

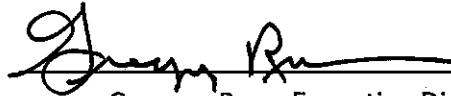
12/23/15

Date

Cambridge Housing Authority

362 Green Street

Cambridge, MA 02139



Gregory Russ, Executive Director

1-4-16

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**  
**2015 HUD Income Limits for City of Worcester**

Household Size	95% Area Median Income (AMI)	80% Area Median Income (AMI)
1 person	\$54,743	\$46,100
2 persons	\$62,521	\$52,650
3 person	\$70,359	\$59,250



