

ABOUT THE HOME IMPROVEMENT PROGRAM

The City of Beverly’s Home Improvement Loan Program, administered by the City of the Beverly’s Planning and Community Development Department offers property owners the chance to delead and make much-needed repairs to their houses at a 0% interest rate. The Mass. Department of Housing and Community Development through its Community Development Block Grant Program fund this financial assistance.

WHO IS ELIGIBLE?

Low and moderate-income homeowners or investor owners/non-profits that rent to low and moderate-income households are eligible to receive funds. To qualify as low and moderate income, households must meet the income limits based on household size and yearly gross income outlined below.

WHAT ARE THE INCOME LIMITS?

To be eligible for a loan gross family income** must not exceed the following limits: (Rev: 03/15)

| <u>FAMILY SIZE</u> | <u>INCOME LIMIT</u> |
|--------------------|---------------------|
| 1 | \$48,800 |
| 2 | \$55,800 |
| 3 | \$62,750 |
| 4 | \$69,700 |
| 5 | \$75,300 |
| 6 | \$80,900 |
| 7 | \$86,450 |
| 8 | \$92,050 |

(These rates established by the Federal government are subject to change)

****Gross family income is defined as the total of all wages, pensions, interest, rents social security, dividends, disability, welfare, alimony, child support, commissions, bonuses or any monetary benefit received by all family members or permanent residents of the housing unit.**

Loan to value ratios for each property are also reviewed to determine the availability of equity which is considered when determining maximum loan amounts.

TYPES OF IMPROVMENTS COVERED

The purpose of the program is to eliminate code violations, lead paint and make necessary repairs or upgrades to Beverly’s housing stock. The goal is to make safe for our residents and any prospective future buyer of the property.

- ◆ Participating properties must have health and safety code violations.
- ◆ The City offers a free, no obligation walk-through of the property in order to prepare a health and safety sanitary code report and a lead paint inspection report.
- ◆ Examples of eligible improvements would include: repair /replacement of defective or obsolete heating, electrical and plumbing systems; lead paint abatement; installation of windows and insulation to improve energy efficiency; and repair/replacement of leaking chimneys, gutters, roofs, or any other work deemed necessary by the City's Housing Rehabilitation Specialist and/or Building Department.

WHAT ARE THE LOAN CONDITIONS?

Depending on income and ownership status, the following loans are available.

- ◆ **Zero percent (0%) - deferred fifteen (15) year declining balance loan** to owner-occupants who are low income or moderate income with a high housing cost to income debt ratio. This loan requires no payments as long as the property is retained and occupied by the owner for a fifteen- (15)

year period, after which time, said mortgage would be discharged.

- ◆ **Zero percent (0%) - direct loans**, requiring monthly payments over a fifteen- (15) year period, secured by a personal loan note and mortgage to moderate income owner-occupants with a low housing debt to income ratio and investor-owners who rent to low and moderate income households. Repayment begins upon completion of the rehabilitation.
- ◆ **Zero percent (0%), deferred fifteen- (15) year declining balance loans** are available to non-profit organizations that rent to low and moderate-income households. No monthly payments required.
- ◆ **All loans** are subject to the income and other eligibility requirements, the availability of funds and the terms of a Promissory Note, Mortgage, Loan Agreement, and (when applicable) an Affordable Housing Restriction and/or Rental Agreement which requires that rents of rental units remain affordable for 15 years from the date of project completion.

These conditions include keeping the property insured; paying municipal taxes and charges on time; maintaining the property; paying other mortgages on time. In cases where there are rental units on the property, owners must execute and observe the terms of a rent control agreement that limits rent increases, and follow the Fair Housing Laws.

WHAT ARE THE PROGRAM REQUIREMENTS?

- ◆ Property must be a one- to four-family dwelling located in the City’s Gloucester Crossing Target Area.
- ◆ All code violations and lead paint abatement must be addressed as part of the rehabilitation.
- ◆ Properties consisting of more than one unit must be occupied by 51% low/moderate income households. *
- ◆ Owners of multi-family properties and investor owners must comply with a 15-year rental covenant capping rents below Fair Market Rents (FMR) and limiting yearly increases in rent to the Annual
- ◆ Compliance with competitive bidding procurement procedures.

**In a two family dwelling, one unit must be occupied by a low/moderate income household. In a three family dwelling two units must be occupied by low/moderate income households. In a four family dwelling three units must be occupied by low/moderate income households, etc.*

HOW DO I APPLY?

Pre-applications are available at the Planning and Community Development Office or by calling 978-605-2384 The Planning and Community Development Department staff is available during City Hall hours, Monday through Wednesday 8:30 a.m. to 4:30 p.m., Thursday 8:30 a.m. to 7:30 p.m. and Friday 8:30 a.m. to 1:00 p.m. to assist homeowners through the application process.

Once the Planning and Community Development Department receives your pre-application, it is date stamped and put on the waiting list. When your pre-application moves to the top of the list you will be sent a formal loan application. At this point, the full rehabilitation process may begin.

MUST I DELEAD MY PROPERTY?

If you do not have a current Lead Paint Abatement Compliance be delead as part of the rehabilitation process.

HOW MUCH MAY I BORROW?

| No of Units. | Maximum Amount |
|--------------|----------------|
| 1 | \$ 30,000 |
| 2 | \$ 60,000 |
| 3 | \$ 90,000 |
| 4 | \$ 120,000 |

WHAT IS THE PROCESS?

COMPLETE A PRE-APPLICATION. THIS PUTS YOUR PROPERTY ON LIST THE WAITING LIST

1. Complete a formal application to determine program and income eligibility.
2. Property owner(s) will receive a letter that funds have been set-aside for the project.
3. The City's Rehabilitation Specialist will schedule a meeting to conduct a health and safety code inspection and work with the property owner(s) to develop the list of qualified rehabilitation items in order to prepare a work write-up.
4. Upon homeowner(s) approval of the scope of the work write-up and signing of the Participant Statement, the work write-up is bids to qualified and licensed contractors* sent out to bid by the C.D. Office. The property owner can solicit bids independently or the C.D. Office can mail specified by the homeowner.

5. A minimum of three (3) bids is required. After all bids are received, a contractor is selected by the homeowner(s). A pre-construction meeting is scheduled between the property owner(s), the rehabilitation specialist, the contractor, and a representative from the Community Development Office.
6. The loan closing is scheduled. At which time a contract between the homeowner(s) and the contractor is executed. Additionally, a loan agreement, personal loan note, subordination policy, a mortgage (when applicable) an Affordable Housing Restriction and/or Rental Agreement to secure the loan are executed
7. Construction commences.

***All contractors are required to have general liability insurance, workers' compensation insurance if workers other than the owner will be performing work, a Massachusetts Construction Supervisors License, and a Massachusetts Home Improvement Contractors License. A Lead Paint Abatement License is required for deleading work.**

WHO DOES THE WORK?

You, the property owner makes the final decision. Homeowners must approve the work write-up before the Planning and Community Department solicits qualified contractors to do the work. If the homeowner selects a contractor other than the low bidder, the homeowner must pay the difference in cost between the low bid and the bid price selected.

(PAYMENTS WILL NOT BE MADE FOR WORK ALREADY UNDERTAKEN OR COMPLETED)



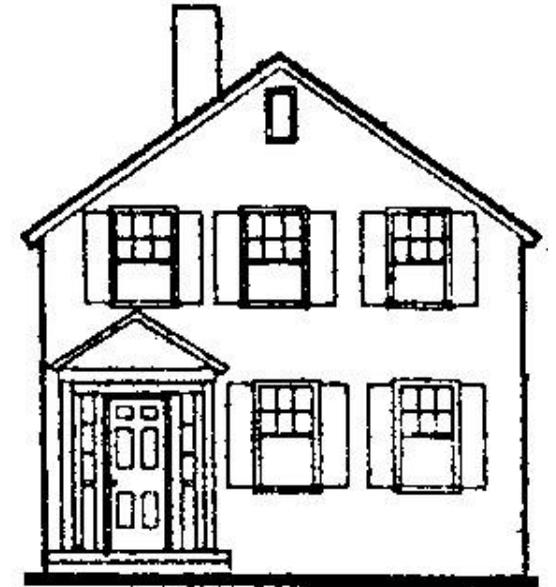
Funding provided by Massachusetts Department of Housing and Community Development



U.S. Department of Housing and Urban Development
Equal Opportunity Lender

CITY OF BEVERLY

HOUSING REHABILITATION PROGRAM



For information about the CDBG Housing Rehabilitation Program you may contact:

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Housing Coordinator
City of Beverly
191 Cabot Street
Beverly, MA 01915
978-605-2384

Email: mobrien@beverlyma.gov