

CITY OF METHUEN

HOUSING REHABILITATION PROGRAM

GUIDELINES



City of Methuen
Department of Economic & Community Development
41 Pleasant Street, Suite 217
Methuen, MA 01844
(978) 983-8566

I. INTRODUCTION

The Methuen Housing Rehabilitation Program (hereinafter "Program") provides housing rehabilitation financing in the form of Zero (0%) percent interest, deferred payment loans to homeowners of residential property (1-4 units) within the City of Methuen. The primary purpose of the Program is to ensure decent, safe, and sanitary housing by enabling homeowners to bring housing units into compliance with Chapter II of the State Sanitary Code, to remove lead paint and asbestos hazards, to make handicap accessibility improvements, to enhance energy conservation and to undertake historic preservation. All improvements must be attached to the property and be permanent in nature.

The Program is administered by the City of Methuen Department of Economic and Community Development and funded by the Massachusetts Department of Housing and Community Development through the Community Development Block Grant (MA State Guidelines) and the North Shore HOME Consortium through the HOME Investment Partnership Program (Federal Guidelines). The City reserves the right to limit the amount of funding provided under these Programs and to leverage funding from other available sources at its discretion. The maximum funding available per housing unit is \$40,000.00, subject to the continued availability of funds. Where the cost of work is anticipated to exceed the available funding, applicants are expected to (1) cooperate in leveraging additional funding from sources that may require a separate application process and (2) to make their own financial contributions whenever possible. Failure to cooperate in this manner may result in the applicant's removal from the program.

II. ELIGIBILITY REQUIREMENTS

A. Area:

1. Program assistance is available to all homeowners of residential property (1-4 units) in Methuen.
2. Properties located within the Methuen Arlington Neighborhood Area, "Model Block", may be placed at the front of the wait list, depending on the seriousness of the violations as determined by the Rehab. Specialist.

B. Applicants:

1. **Ownership:** All applicants shall be the property owner of record. **Any applicant owning an additional property or properties shall not be eligible for this program.** The Program is primarily available for owner-occupants of residential properties. In situations where a co-owner of an owner-occupied property does not reside on the premises, the program may exclude this owner from the household income verification with submission of the following documentation by the co-owner: (1) at least two years of federal and state income tax forms and all attachments, identifying the location of permanent residence and showing that the owner does not claim the property (to be rehabbed) for tax-deduction purposes, and (2) a Certification of No Homeownership Deduction form.

Investors may be eligible to participate in the Program if their properties are identified by the city as priority projects selected for their potential to enhance neighborhood stabilization through dramatic visual improvements. Investors may also be eligible to participate if they have handicapped tenants requiring medically necessary accessibility improvements. Given funding constraints, owner-occupant applicants will have priority over investor applicants.

2. **Income-eligibility:** All single-family units shall be occupied by low- or moderate-income households according to income limits for Methuen established annually by HUD (see Attachment A). In two-unit structures, at least one of the two units must be occupied by a low- or moderate-income household. In three- and four-unit structures, at least 51% of the units (2 & 3 units respectively) must be occupied by low- or moderate-income households. For each federal fiscal year grant, at least 100% of the people directly benefiting from housing rehabilitation activity must be from low- or moderate-income households. All income determinations will be made in accordance with DHCD or HOME guidelines by Program staff.
3. **Conflict of Interest:** Employees of the Economic and Community Development Department and elected officials involved in the decision-making process of the Program are not eligible to participate.
4. **Ineligible:** Property owners in any stage of foreclosure, plan on filing bankruptcies, are in bankruptcy, have any judgments or executions against them, are delinquent on real estate taxes and/or water/sewer taxes are not eligible for this program.

- C. **Buildings:** All buildings or portions thereof used for residential purposes are eligible for funding. Buildings that have mixed-uses (residential and commercial) are eligible for funding but Program funds will only be provided for the rehabilitation of the residential units and parts of the building essential to the residential portion (e.g. foundation, roof, major systems). To be eligible, a building must have one or more substandard housing conditions as defined by Chapter II of the State Sanitary Code and other pertinent State and Local Building, Plumbing and Electrical Codes. Except where the abatement of lead paint hazards is required or demolition is needed to remove a hazardous structure, Program funds may not be used for improvements to detached garages, sheds, or other non-residential structures.
- D. **Types of Improvements:** The primary purpose of this Program is to bring deteriorated housing units into compliance with Chapter II of the State Sanitary Code. Although a host of home improvements will be eligible, special attention will be given to code violations, lead paint and asbestos hazards, energy inefficiencies, and barriers to handicap accessibility. All improvements must be attached to the property and be permanent in nature. The purchase of household appliances such as stoves, refrigerators and washing machines are not eligible for funding. Examples of eligible improvements include:
- Repair/replacement of defective/inefficient plumbing, electrical, & heating systems.
 - Repair/replacement of roofs, chimneys, gutters, porches, foundations (where not cost-prohibitive), windows, & doors.
 - Removal/abatement of lead-based paint, asbestos, or other hazardous materials.
 - Insulation, caulking, or other weatherization.
 - Repair/replacement of walls, floors, and ceilings.
 - Painting in conjunction with other improvements.
 - Exterior improvements provided that all interior code violations are corrected.

Accessibility Improvements: Program financing may be used to make accessibility improvements to properties where a handicapped individual, requiring medically necessary accessibility improvements, is in permanent residence. In order to qualify for such improvements, the applicant must provide a signed letter from the handicapped individual's doctor, identifying his or her condition and listing the improvements necessary to remove accessibility barriers within and to/from the home. Examples of eligible improvements include the installation of wheelchair access ramps or vertical lifts, widening of doorways, or replacement of existing fixtures for improved handicap accessibility.

- E. **Costs:** No rehabilitation costs incurred prior to the execution of the loan documents or extraneous to the contract(s) will be eligible for payment under this Program. When funding permits, the Program may utilize loan funds to reimburse owners for the following costs incurred prior to the execution of the loan documents **only if the work was required or recommended for Program participation:** lead paint inspections (ONLY X-ray fluorescence inspections), and the inspection (and cleaning to determine if repairs are needed) of a chimney. Reimbursement for lead paint and chimney inspection will only be considered for reimbursement if the inspection was conducted after the HRP has approved the owner-occupant for funding.

In addition, the owner-occupant is strongly encouraged to participate in an energy audit often sponsored by the utility companies such as Eversource and National Grid through Mass Save at (866) 527-7283. These programs are often free of charge and will assist homeowners with energy conservation improvements. For weatherization contact Greater Lawrence Community Action Council (GLCAC) at (978) 681-4956.

III. CASE SELECTION CRITERIA

Cases will typically be selected from the waiting list in the order in which they were received. However, applicants with a lead-poisoned child or a handicapped individual requiring medically necessary accessibility improvement in permanent residence on the premises will have priority over all other applicants. Finally, the city reserves the right to otherwise select cases from the waiting list in order to meet low/mod percentage goals, and to appropriately match the extent of improvements needed with the amount of funding available.

IV. TYPES OF FINANCIAL ASSISTANCE

- A. Amount of Assistance:** The maximum assistance per housing unit is \$40,000.00, subject to the availability of funds. Where the cost of work needed to ensure decent, safe, and sanitary housing is anticipated to exceed the available funding, applicants are expected to cooperate with Program staff in leveraging additional funding from sources that may require a separate application process. Failure to cooperate in this manner may result in the applicant's removal from the program. Whenever possible, applicants are encouraged to contribute their own monies toward the cost of work.
- B. General Rehab. Loans:**
- 1. CDBG:**
- a) Owner-Occupied, Single-Family Homes: Qualified applications may be eligible for a 15-year, zero (0%) percent interest, Deferred Payment Loan, secured by a Promissory Note and a Mortgage, (mortgage is recorded at the Essex North Registry of Deeds). Forgiven at a rate of 1/15th annually on the anniversary date of completion of the work provided the property owner(s) are not in any way in default. After the 15 years the entire loan will be forgiven and discharged. If the property is sold, title transferred, owner-occupant(s) ceases to live in and maintain the property before the loan term restriction has expired or if there is a default by the Borrower, the remaining portion of the loan shall be repaid as secured by a Promissory Note and Mortgage.
- b) Owner-Occupied, Multi-Family Rental Units (2-4): Qualified applicants may be eligible for a 15-year, zero (0%) percent interest, Deferred Payment Loan, provided 51% of the units are qualified as low- or moderate-income households. Loans will be secured by a Promissory Note and a Mortgage, with the mortgage being recorded at the Essex North Registry of Deeds. Forgiven at a rate of 1/15th annually on the anniversary date of the completion of the work provided the property owner(s) are not in any way in default. After the 15 years the entire loan will be forgiven and discharged. A Rent Regulatory Agreement shall be put in place for a minimum of 15 years that ensures the properties are rented to low- or moderate-income households and rents are kept affordable according to the lesser of the Fair Market Rents or HUD High HOME Rent, not necessarily always the FMR. If the property is sold, title transferred, owner-occupant(s) ceases to live in and maintain the property before the loan term restriction has expired or if there is a default by the Borrower, the remaining portion of the loan shall be repaid as secured by a Promissory Note and Mortgage.
- c) Investors: Qualified applicants may be eligible to receive a zero (0%) percent interest loan, payable monthly for terms up to 15 years, provided that at least 51% of the tenant households in the building are classified as low- or moderate-income. Loans will be secured by a Promissory Note and a Mortgage, with the mortgage being recorded at the Essex North Registry of Deeds. Owners of these properties will be required to sign a Rent Regulatory Agreement that ensures the properties are rented to low- or moderate-income households and rents are kept affordable according to the lesser of the Fair Market Rent or HUD High HOME Rent, not necessarily always the FMR. An approved Affordable Housing Restriction will be signed and recorded on the property for a minimum of 15 years.
- 2. HOME:**
- a) Owner-Occupied Properties & Investors (Single & Multi-family [2-4]): Qualified applicants may be eligible for a (0%) percent interest, non-declining, Deferred Payment Loan, secured by a Promissory Note, a Mortgage and an Affordable Housing Restriction (mortgage & restriction are recorded at the Essex North Registry of Deeds). Multi-family properties shall have at least 51% of the units being qualified as low- or moderate-income households. A Rent Regulatory Agreement will be put in place for a minimum of 15 years that ensures the properties are rented to low- or moderate-income households and rents are kept affordable according to the lesser of the Fair Market Rents or HUD High HOME Rent, not necessarily always the FMR. If the property is sold, title transferred, not maintained by the property owner, the owner-occupant(s) ceases to live in the property before the loan term restriction has expired or if there is any type of default by the property owner, the loan shall be repaid in full as secured by a Promissory Note and Mortgage.
- C. Financial Assistance for Multiple-Household Ownership:** Where the owners of a given property are members of two or more separate households, each household must apply separately to the program (i.e., two siblings purchase a two-family home and each live in a separate apartment). Program eligibility is determined as in all other cases according to Section II(B)(2) and separate financial assistance will be provided to each household based upon the income level of the household in accordance with Section IV(B)(1) or (2). For example, a low- to moderate-income-household-owner would qualify for a zero percent deferred payment loan, but an over-income-household owner would not qualify for any assistance. The amount of assistance to each household is based upon the share of rehab

costs benefiting that particular household (i.e., 100% of interior work to that unit and 50% of all exterior work), up to the \$40,000 per-unit maximum. All other program guidelines apply.

- D. **Changes In Ownership or Occupancy Status:** Changes in ownership or in the occupancy status of owner-occupant households typically trigger repayment of the balance of loan principal. However, the program may, on a case-by-case basis, review a request to modify, rather than recall, the financial assistance. Such action would require that the program make eligibility determinations of all households on the premises. If the owner is eligible for assistance according to Section II(B)(2), the balance of funds owed will be modified on the basis Section IV(B)(1), (2) or (3).

V. DISBURSEMENT OF FUNDS

All loan funds shall be held and disbursed by the City as work is completed.

Contractor invoices shall be submitted, with the Owner's original signature, to the Program office no later than 12:00 noon on Wednesdays. All invoices shall contain the Contractor's name, address, and original signature, the date, the property location, an itemized list of the work completed for the progress payment, and the signature of the property owner(s). The contractor shall be responsible for making the arrangements with the Owner to review and endorse the invoice. Copies and faxes of invoices shall not be acceptable for payments. Any work listed on an invoice that has not been completed will be deducted from that invoice prior to submittal.

The Rehab Specialist makes a progress payment inspection and approves the invoice. The invoice is submitted for processing through the city's warrant system, and the check is issued approximately 15 days after invoice submittal (Thursdays), made payable to both the Owner and the Contractor. The Program staff arranges for the Owner(s) to endorse each check, after which the check is released to the Contractor. Invoices received after the deadline **shall** be processed the following week (resulting in a check approximately 22 days after invoice submittal).

Should an Owner(s) refuse to authorize payments to a Contractor, the City reserves the right to make payments directly to the Contractor from the applicant's grant or loan funds, only if the Rehab Specialist and Program Coordinator determine that the work has been performed satisfactorily and in accordance with the approved work specifications. However, before making such payment, the City shall send a written explanation of its action to the applicant and allow seven (7) days for the applicant to respond. The dispute resolution process is detailed under section VI-I. Grievance Procedures.

VI. TYPES OF TECHNICAL ASSISTANCE

- A. **Work Specifications:** Once an applicant has been approved for the program, the Rehab. Specialist inspects the applicant's property to determine and prioritize the work items to be completed. As previously stated, the elimination of code violations, the abatement of lead-based paint, medically necessary accessibility improvements, and energy efficiency improvements are the Program's priorities. Although the completion of all priority items will be attempted, limitations in Program funding and applicant contributions may result in some of the recommended work items not being completed. In all cases, the applicant and Program staff must agree on the work items to be completed before a contractor is sought to complete the work.
- B. **Bid Solicitation & Contractor Selection:** The Program operates a formal public bidding process. Applicants are encouraged to submit the names of contractors they wish to have bid on the work items. However, contractors shall first be qualified by the program prior to receiving a bid package. On behalf on the applicant, the Program seeks at least three bids from qualified contractors. The program finances to the lowest qualified bid received, but owners may award each contract to a higher bidder and shall pay the difference between the two bid prices. When qualified contractors are in peak demand (typically on a seasonal basis), and only one bid is received, the homeowner may award a contract if the bid price is deemed acceptable by the Program in relation to the Rehab Specialist's cost estimate. Work items may be bid all together or by trade category at the discretion of the Rehab Specialist.
- C. **Contract Preparation:** Program staff prepares the contracts for all rehabilitation work to be signed by the applicant and the contractor. Only the approved work specifications specified in the contract are eligible for payment by the Program.
- D. **Approval of Work:** The Rehab. Specialist inspects and approves all work prior to the disbursement of funds to the contractor. Upon completion of the work, the Rehab. Specialist will certify that all work conforms to the approved work specifications and drawings prior to the final disbursement of Program funds. The owner must also certify prior to the final disbursement of funds to the contractor that he or she is satisfied with the completed work.

VII. AUXILIARY AIDS AND/OR ACCOMMODATIONS

Any individuals needing assistance or auxiliary communication equipment due to sensory impairment or other disability should contact the ADA Coordinator, Human Resources, 41 Pleasant Street, Methuen, MA 01844, (978) 382-2123.

VIII. OTHER PROGRAM REQUIREMENTS

- A. **Permits & Warranties:** The Contractor shall obtain all necessary work permits from the City's Inspectional Services Department for all specified work and shall provide a copy of these permits to the Program prior to the start of the job and a signed-off copy before the final payment is released. The Contractor shall provide one copy to the Owner and one copy to the Program of all warranties and guarantees workmanship, materials and equipment.
- B. **Flood Insurance:** All properties located within the 100-year flood plain must comply with the flood insurance purchase requirements of Section 102A of the Flood Protection Act of 1973 for a minimum term of one year.
- C. **Application Process:** All applicants to the Program must first complete a Request for Assistance. Information such as the location of the property to be rehabilitated, the occupancy status of the building, and the total amount of the applicant and tenant's household income will be used to make a preliminary determination of eligibility. Applicants who appear to be eligible on this preliminary basis will be placed on a wait list. As applicants come toward the top of the list, they will be required to submit a detailed application, complete with required income and other documentation. For multi-unit (max 4 units) properties, ALL tenant households are required to submit a Certificate of Tenant Income and income verification forms to verify all sources of household income. A determination on an applicant's eligibility will be made only after Program staff has verified all incomes of the applicant's household and the applicable tenant households. Requests for Assistance and Applications that do not contain the required information may cause the applicant to be found ineligible by Program staff.
- D. **Loan Documents:** The applicant shall sign all loan documents required by the Program before he/she can receive Program funding. All loans shall be a mortgage on the property and shall be recorded at the Essex North Registry of Deeds.
- E. **Lead Paint Inspections and Financing:** In order to comply with the Federal and State Massachusetts Lead Laws and Regulations, the Program requires that, if the property is constructed prior to 1978, a full XRF-inspection of the property will need to be performed. All lead paint hazards/violations determined in the inspection report must be abated in conjunction with the financing of any other improvements on the home. Where the cost of work is anticipated to exceed the available funding, applicants are expected to: 1) cooperate in leveraging additional funding from sources that may require a separate application process, such as MassHousing's Get the Lead Out Program; and, 2) to make their own financial contributions whenever possible. Failure to cooperate in this manner may result in the applicant's removal from the program.
- F. **Rental Agreements:** Homeowner(s) shall agree to lease all rental units to a low- to moderate-income household and to keep the rehabilitated units affordable according to the lesser of the Fair Market Rents or HUD High HOME Rent, not necessarily always the FMR. Participants are required to execute a Rental Agreement (as shown in Attachment B) with the City that limits the amount of rent increases for a fifteen (15) year period, in accordance with HUD regulations. For vacant units, the cost of rehabilitation and the building's operating expenses and debt service will be taken into consideration by Program staff, when determining the rent levels for vacant rehabilitated units. However, the rent for these units cannot exceed the lesser of the Fair Market Rents or HUD High HOME Rent, not necessarily always the FMR, set annually by HUD. For occupied units, the rent levels at the time of the applicant's application are the official rent levels used in the Rental Agreement. Owners may increase rents annually in accordance with the agreement up to the level determined by applying the Annual Adjustment Factor set annually by HUD.
- G. **Monitor Principle Residency Requirements:** The City of Methuen will verify the primary residency by mailing out an annual letter to all homeowners with a "Do Not Forward" instruction on the envelope. If the envelope is returned to the Community Development Department, the program will assume that the homeowner does not live in the unit/property and is in violation of his/her agreement. In addition, the program also monitors the principle residency by reviewing annual census information collected by the City Clerk.
- H. **Monitor Rental Restriction Requirement:** By mailing out a Rental Verification form directly to the tenants on an annual basis, the City of Methuen will monitor owner/landlord rental agreement restriction.

- I. **Displacement:** At the time of the loan or grant closing, the applicant shall certify that no tenant has been or will be dislocated without due cause for the purposes of evading the terms of the above described Rental Agreement.
- J. **Relocation Assistance Plan:** While efforts will be made to avoid relocation, the Program recognizes that short-term relocation (dislocation) of occupants may be necessary in housing units undergoing rehabilitation. As a result, the City of Methuen adopted a Relocation Assistance Plan as shown on Appendix E.

This plan requires property owners to provide a dislocation allowance and a lodging allowance to all legal tenants being displaced during rehabilitation. If the Program staff determines that the owner-occupant or owner does not possess adequate financial resources to support the payment of the projected dislocation benefit, the Program will finance the costs into the owner's loan.

- K. **Grievance Procedure:** The first step in a grievance review shall involve attempts at resolution at the staff level (i.e., Assistant Director of Community Development). Should the complainant remain dissatisfied with the proposed resolution, a written grievance may be submitted to the Community Development Director for second level resolution. Such a grievance should be addressed to the Department of Economic and Community Development, Searles Building, 41 Pleasant St., Suite 217, Methuen, MA 01844. To ensure proper and timely response, this correspondence should include the address, phone number, and signature of the complainant. The City of Methuen's policy is to provide a written response to all grievances received within fifteen (15) business days of their receipt.

Should the complainant remain unsatisfied at this level, he or she may make a written appeal and seek mediation through the Office of the City Solicitor, whose decisions as agent for the Mayor and City Council shall be binding upon the Program as the final local step in resolving grievances.

- L. **City's Liability:** The Owner(s) recognize that the services provided in connection with the Work Write-up, Bid Solicitation and Work Inspections are purely for the purpose of ensuring that the terms of this Agreement are complied with, as well as making payment to Contractor(s), and such services are not to be interpreted to provide warranties or guarantees of work performed by Contractor(s). To this extent, the Owner(s) covenant that they shall not hold the City of Methuen or the Methuen Housing Rehabilitation Program liable on account of any act, action or omission or negligent act during the performance or the above described services.

IX. AMENDMENTS TO PROGRAM GUIDELINES

The City, through its Community Development Department, reserves the right to waive and/or amend the guidelines for the Program to maximize the benefit and intent of the Program as long as all waivers and amendments comply with the rules and regulations of the Community Development Fund Program as set forth by the Department of Housing and Community Development.

Approved: David P. Beauregard, Jr.
David P. Beauregard, Jr., Mayor

1/7/25
Date

ATTACHMENT A

ELIGIBILITY: In general, owner-occupants and non-owner-occupants may be eligible to participate. However, all single-family units that are rehabilitated shall be inhabited by low- to moderate-income households. In multi-unit structures (2-4 units), at least 51% of the units shall be inhabited upon completion by low- to moderate-income households at affordable rents.

CDBG – Income Guidelines (effective as of 5/1/24)
Maximum Household Income Limits based on HUD’s FY2024
for Lawrence, MA-NH HMFA.

Household Size	0%, 15 yr Deferred Payment Loans*	0% Direct Reduction Loans
1	68,500	0% Direct Reduction Loans are for investor-owned, (1-4 units) where at least 51% of the units are occupied by low- to moderate-income households.
2	78,250	
3	88,050	
4	97,800	
5	105,650	
6	113,450	
7	121,300	
8	129,100	

**Owner-Occupied, low-to moderate income, households. Forgiven at a rate of 1/15th annually on the anniversary date of the completion of the work provided the property owner(s) are not in any way in default.*

NS HOME Income Guidelines (effective as of 5/1/24)
Maximum Adjusted Household Income Limits based on HUD’s FY2024
for Boston-Cambridge-Quincy, MA-NH HUD

Household Size	0%, 15 yr Deferred Payment Loans (non-declining)**
1	\$ 91,200
2	\$ 104,200
3	\$ 117,250
4	\$ 130,250
5	\$ 140,700
6	\$ 151,100
7	\$ 151,550
8	\$ 171,950

***If the property is sold, title transferred, not maintained by the property owner, the owner-occupant(s) ceases to live in the property before the loan term restriction has expired or if there is any type of default by the property owner, the loan shall be repaid in full as secured by a Promissory Note and Mortgage.*

ATTACHMENT B

RENT REGULATORY AGREEMENT

Borrower(s) Name:

Case:

Borrower(s) Address:

Date:

Number of Units Rehabilitated:

1. For value received in the form of a loan from the City of Methuen's Housing Rehabilitation Program (Program) in the amount of _____, dated _____, the undersigned Owner(s) jointly and severally covenant as follows: 1) except as provided herein, make no rent increases until after final approval of all work completed under this Agreement, and 2) limit all rent increases on the property located at _____ Methuen, MA for a period of **Fifteen (15) years** after final approval of all work completed under this Agreement, in accordance with the following Annual Rental Adjustment Factors.

RENT ADJUSTMENT FACTORS

Unit Number	Number of Bedrooms	Base Rent	Utility Code*	HUD Maximum Annual Rent Adjustment Factor (as of 4/1/24)
1.				
2.				
3.				
4.				

* **Utility Code:** "1" = Includes utilities; "2" = Does not include utilities.

The current adjusted FMR for each unit is listed in the box below.

2024 FAIR MARKET RENTS (FMR) (as of 6/1/24) and METHUEN UTILITY ALLOWANCES (as of 1/1/24)

	<u>Unit 1 (O/T)</u>	<u>Unit 2 (O/T)</u>	<u>Unit 3 (O/T)</u>	<u>Unit 4 (O/T)</u>
Fair Market Rent				
Deductions:				
Gas Heat Allowance				
Gas Cooking				
Electricity Allowance				
Gas Hot H2O				
Utility-Adjusted FMR:				

(Subject to change per HUD updates)

2. **Definition of Base Rent:** The Borrower agrees that for occupied units, the base rent shall be defined as the rent at the time of the Owner's application to the Program for assistance. For vacant units, the base rent shall be calculated taking into account the cost of rehabilitation, as well as operating expenses, but shall not exceed the lesser of the Fair Market Rent or HUD High HOME Rent, not necessarily always the FMR, established by the United States Department of Housing and Urban Development (HUD) for the Lawrence area (see HUD Fair Market Rents listed above).
3. **Annual Rental Adjustment Factors:** Rent increases for each unit may not exceed the amount equal to the base rent times HUD's Annual Rental Adjustment Factor. These factors, listed in the table above, are subject to change on an annual basis as established by HUD. If a unit is under lease, increases cannot occur until the lease expires. If a unit is under a Tenant-at-Will agreement, increases cannot occur until one year after final approval of all work completed under this Agreement. Each rental increase can occur no earlier than one year after the most recent rental increase. Any unit that becomes vacant during the term of this Agreement shall have its rent determined based on its level at the time of occupancy.

4. **Dislocation:** The Borrower hereby certifies that at the time of his/her application to the Program, no tenant has been or will be dislocated without due cause for the purpose of evading the terms of this Agreement.
5. **Non-Discrimination:** The Borrower agrees not to discriminate because of race, color, religion, sex, age, handicap, or national origin in the renting of any rehabilitated units. In addition, the Borrower shall not refuse to rent to tenants holding Section 8 or other recognized housing vouchers or certificates except for good cause.
6. **Lease Compliance:** The Borrower agrees to include in all new leases, executed with existing and new tenants residing in rehabilitated units, rent increases not to exceed the maximum allowable annual rent increases as specified by this Agreement.
7. **Tenant Annual Income:** The Owner(s) agree to re-examine each tenant's annual income and family size during the period of affordability through a statement and certification, completed and signed from each tenant (Attachment B), along with all necessary source documents (i.e., wage statements, interest statements, unemployment compensation statements, etc.)
8. **Methuen Housing Authority Vacancy Notification:** The Borrower agrees to notify the Methuen Housing Authority (978-682-8607) of the availability of any units covered by the terms of this Agreement.
9. **MHRP Vacancy and Lease Notification:** For the purpose of monitoring compliance with this Agreement, the Borrower agrees to notify the Program of any vacancies that occur during the term of this agreement. The borrower agrees to provide the Program a copy of all newly executed leases and other written notification provided to the tenant.
10. **Annual Compliance Notification:** The Borrower agrees to provide written notification, on an annual basis for the term of this agreement, to the Program certifying compliance with this Agreement. The Borrower agrees to provide the Program or its duly authorized agents information necessary to determine compliance with this Agreement.
11. **Authorization:** The Borrower authorizes the Program to provide each tenant with a copy of this Agreement.
12. **Non-Compliance:** Failure to comply with any of the above covenants shall cause the above-stated Loan to become due and payable immediately at the discretion of the City of Methuen upon written notification to the owner being mailed.

HOMEOWNER(s):

CITY OF METHUEN

x _____
Signature – Date

x _____
Signature—Temporary CD Division Director Date

x _____
Signature – Date

x _____
Signature—Temporary CD Division Director Date

TENANT SECTION: I/We have been fully informed of the terms of this rental agreement and received a signed copy for our records.

Tenant Name: _____
(Please Print)

x _____
Signature Date

Tenant Name: _____
(Please Print)

x _____
Signature Date

ATTACHMENT C

ANNUAL RENTAL ADJUSTMENT FACTORS (effective as of 4/1/24)

	<u>Including Utilities</u>	<u>Excluding Utilities</u>
New Tenants	1.0923	1.0690
Existing Tenants	1.0823	1.0590

CDBG – FY2024 FAIR MARKET RENTS (effective as of 6/1/24)

	0-BD	1-BR	2-BR	3-BR	4-BR
Lawrence, MA-NH HMFA	\$1,299	\$1,483	\$1,917	\$2,329	\$2,553

HOME – FY2024 HIGH HOME RENT LIMITS (effective 6/1/24)

	0-BR	1-BR	2-BR	3-BR	4-BR
Boston-Cambridge-Quincy, MA-NH FMR	\$1,855	\$1,989	\$2,388	\$2,751	\$3,049

ATTACHMENT D

RELOCATION ASSISTANCE PLAN

The City of Methuen, as a recipient of Massachusetts Community Development Block Grant (CDBG) funds through the Department of Housing and Community Development, is required to develop and implement a relocation plan designed to meet the needs of persons permanently or temporarily displaced as a result of activities funded through the CDBG. The relocation plan must include provisions that offer financial and technical assistance to persons in securing comparable decent, safe and sanitary replacement housing which is adequate to meet their needs. The following strategy is intended to address the above requirement.

I. AVOIDING RELOCATION AND/OR MITIGATING ADVERSE IMPACTS

The following general efforts will be made to avoid relocation or to mitigate its adverse impacts:

- A. Displacements will be timed to allow the maximum amount of time for tenant and owner-occupant relocation.
- B. Tenants and owner-occupants who may be temporarily displaced will be notified at least thirty (30) days prior to being required to move, unless a determination is made that an "urgent need" exists which constitutes a danger to the health and safety of the tenant(s) or owner-occupant(s). Displacements will be for as brief a time as possible. Tenants and owner-occupants who may be permanently displaced will be notified at least 120 days prior to being required to move.
- C. In determining whether or not relocation is necessary to facilitate the rehabilitation of a dwelling, the City will consider any hardships likely to result if the person(s) occupies the property during the rehabilitation process.
- D. All claims for relocation assistance will be processed in an expeditious manner and claimants will be promptly notified of the need for any additional documentation that might be required to support his/her claim.
- E. Provide displaced persons relocation advisory services including: notification of the planned rehabilitation and a description of the relocation assistance available; the eligibility criteria for relocation assistance; referrals to suitable replacement dwellings; and counseling in the search and selection of a suitable replacement dwelling and the claimant's rights under the Federal Fair Housing Law.
- F. Contractors undertaking rehabilitation work will be required to schedule work so as to minimize as much as practicable the disruption of the daily routine of tenants or owner-occupants.
- G. Temporarily displaced tenants and owner-occupants have the right to continue occupancy after the period specified for relocation.

II. METHUEN CDBG ACTIVITIES RESULTING IN POSSIBLE DISPLACEMENT

Residential Rehabilitation: No permanent displacement is anticipated as a result of activities conducted within the City's Housing Rehabilitation Program; however, in the unforeseen event that loss of low- or moderate-income housing units should occur due to Program-funded demolition or conversion, the Program shall provide for one-for-one replacement of said units and provide relocation assistance for low/moderate income persons displaced as a result of these activities. Temporary relocation may occur in instances where it becomes necessary for an owner-occupant or tenant to vacate his/her unit on a temporary basis to enable completion of the rehabilitation work. Under these circumstances' tenants will be eligible for reimbursement costs as outlined below; however, the relocation assistance regulations do not apply to owner-occupants except when they are displaced due to real property acquisition. Owner-occupants and tenants who are not required by the City to move from their properties, but who voluntarily agree to move for a temporary period while rehabilitation of their homes is completed, are not eligible for relocation assistance. Priority for rehabilitation assistance will be given to those projects that result in the shortest time of relocation.

III. TEMPORARY RELOCATION OF TENANTS & OWNER-OCCUPANTS

If the City determines that a tenant or owner-occupant in a building being rehabilitated under the City's Housing Rehabilitation Programs must be temporarily relocated in order to complete the rehabilitation work, the tenant will be eligible for reasonable moving expenses and increased housing costs for the time he/she is temporarily displaced. Such expenses are the owner(s) responsibilities, however, if funding is available, such expenses may be covered under the owner's financial assistance from the City. A temporary relocation is one lasting less than one (1) year. A tenant is entitled to choose either:

- 1) reimbursement of actual reasonable moving expenses; however, the City will make a determination as to the "reasonableness" of the claims, or
- 2) receiving a fixed moving and relocation allowance based on the most recent federal Residential Moving Expense and Dislocation Allowance Schedule (effective August 26, 2021).

Occupant Owns Furniture									Occupant does not own furniture	
Number of Rooms of Furniture								Add'l Room		
1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8 rooms		1 room/ no furn.	Add'l room no furn.
\$800	\$950	\$1,100	\$1,250	\$1,400	\$1,550	\$1,700	\$1,850	\$250	\$450	\$150

Exceptions: The payment to a person with minimal possession who is in occupancy of a dormitory style room or whose residential move is performed by an agency at no cost to the person is limited to \$100.00.

A tenant who must move from his/her dwelling unit to another unit in the same property will also be eligible for reimbursement of actual reasonable moving expenses. The City will require an itemized receipted bill before paying for any moving costs.

The tenant will be eligible for any increased housing expenses (rent plus utilities) while the tenant is temporarily displaced. The tenant or owner-occupant will be assisted in finding a comparable replacement dwelling. A comparable replacement dwelling shall meet the following criteria:

1. Be decent, safe and sanitary. The dwelling must meet applicable Methuen health and occupancy code requirements. Dwellings outside the City must meet Section 8 Housing Quality Standards.
2. In an area that is not subject to unreasonable adverse environmental conditions and in an area not generally less desirable than that of the currently occupied dwelling with respect to public utilities and public and commercial activities.
3. On a site typical in size for residential development with normal site improvements, excluding improvements such as outbuildings, swimming pools or greenhouses.
4. Currently available on the private market.
5. Within the financial means of the displaced tenant.
6. Permanent replacement dwellings must be functionally equivalent to and substantially the same as the current dwelling with respect to number of rooms and area of living space.

The City will make the final determination of whether a replacement dwelling meets the above criteria.

IV. SHORT-TERM TEMPORARY DISLOCATION OF TENANTS & OWNER-OCCUPANTS (Minimum Ten(10) Calendar Days)

Rehabilitation of a home or dwelling unit often temporarily inconveniences owner-occupants and tenants due to repairs/replacement of plumbing, electrical, and heating systems, and removal of lead-based paint and asbestos. Owner-occupants and tenants should expect inconveniences to occur and reasonably modify their normal schedules and living patterns to accommodate them.

The City does realize that, occasionally, work may cause more than normal inconvenience to the owner-occupant and/or tenant and may, in fact, leave a dwelling unit or home in an uninhabitable condition for a short period of time. Although the City is not required to relocate owner-occupants or provide them with other forms of relocation assistance while their property is being rehabilitated, under the conditions described above, tenants may be eligible for temporary relocation assistance.

A. Eligibility Criteria:

1. Recipients must be legal tenants of housing units being rehabilitated under the City's Housing Rehabilitation or Rental Rehabilitation Programs.
2. If the condition of the plumbing, heating or electrical systems of a dwelling unit are temporarily disrupted, through no fault of the tenant, and this condition causes major appliances or fixtures to be inoperable for an unreasonable period of time; or, if the removal of lead based paint from a dwelling unit will deprive the tenant from reasonable use of his/her dwelling unit for an unreasonable period of time, the dwelling unit may be declared to be uninhabitable and the tenant may be eligible for temporary dislocation assistance as outlined in B. below. Determination of eligibility shall rest with the Director of Community Development.

B. Assistance Provided: If the dwelling unit is determined to be eligible under Section IV.A, the tenant(s) shall be eligible for reimbursement of the actual and reasonable cost of temporary lodging facilities (such as a motel) during the period of short-term temporary displacement of five (5) calendar days, whichever period is less. The maximum lodging expense allowance shall be \$225 per diem and will be based upon the number of legal occupants temporarily displaced. Additional charges for items such as movies, telephone calls, room service, etc., are the responsibility of the displaced resident(s).

Individuals/households requiring special accommodations such as families with small children that need housing with on-site play areas or close proximity to parks or playgrounds, large families, and elderly that may need the use of elevators or access to restaurants that can accommodate dietary restrictions, will be evaluated by the City on a case-by-case basis as to whether an exemption should be given for the maximum lodging expense allowance.

In addition, a dislocation allowance to cover the cost of reasonable out-of-pocket expenses will be provided to tenants as follows:

\$30 per diem for the first tenant plus \$20 per diem for each additional tenant

Assistance will be provided only to those persons legally residing in the dwelling unit at the time the rehabilitation application is received. The lodging and dislocation allowance must be approved by the City prior to its expenditure. Finally, all expenditures will be on a reimbursement basis and only when appropriate documentation such as an itemized receipt is presented.

C. Owner's Responsibility: The expenses incurred due to short-term temporary dislocation as computed under B. above, shall be the sole responsibility of the owner-occupant or owner of the dwelling unit. A sum equal to the projected dislocation expenses, as determined by the MHRP staff, shall be deposited in an escrow account by the owner prior to the execution of a MHRP rehabilitation Agreement. Said sum shall be dispersed directly to the selected lodging establishment and/or the displaced person(s) upon signature of both the owner-occupant or owner, and the City's designated Relocation Officer.

If the MHRP staff determines that the owner-occupant or owner does not possess adequate financial resources (liquid assets) to support the payment of the projected dislocation benefit, the MHRP reserves the right to increase the level of financial assistance provided to the owner up to the maximum allowable funding level. The owners must provide any additional funds needed for relocation. Where funding allows, the MHRP reserves the right to increase the level of financial assistance to cover the owner(s) relocation costs, as well.

V. SUMMARY & APPEALS PROCESS

Each person who requires relocation because of housing rehabilitation will be apprised of the regulations governing his/her claim. However, if a claimant does not agree with the MHRP staff's determination of eligibility, amount of relocation payment or other relocation benefits after making attempts to resolve issues at the staff level, the claimant may proceed as follows:

The first step in a grievance review shall involve attempts at resolution at the staff level (i.e. Program Coordinator and Assistant Director of Community Development). Should the complainant remain dissatisfied with the proposed resolution, a written grievance may be submitted to the Director of Community Development for second level resolution. Such a grievance should be addressed to the Director of Economic and Community Development, Searles Building, 41 Pleasant St., Suite 217, Methuen, MA 01844. To ensure proper and timely response, this correspondence should include the address, phone number, and signature of the complainant. The City of Methuen's policy is to provide a written response to all grievances received within fifteen (15) business days of their receipt.

Should the complainant remain unsatisfied at this level, he or she may make a written appeal and seek mediation through the Office of the City Solicitor, whose decisions as agent for the Mayor and City Council shall be binding upon the Program as the final local step in resolving grievances.

Approved: David P. Beauregard, Jr.
David P. Beauregard, Jr., Mayor

1/7/25
Date