

COMMUNITY PRESERVATION APPLICATION FOR FUNDING

City of Newburyport
Community Preservation Committee

Internal Use Only

Date Rec'd.
Meeting Dt.

Applications for funding are due by **Thursday, February 6, 2020 at 4:00 p.m.** with the Community Preservation Committee, c/o Office of Planning and Development, City Hall, 60 Pleasant St., Newburyport MA 01950.

Application Instructions:

- Applicants should file ten (10) paper copies and one electronic copy of the completed application and all accompanying documents.
- Applications should be stapled or clipped. Bound applications are not required.
- Please be mindful of extraneous paper – double sided copies are acceptable.

PROJECT NAME: Down Payment Assistance

PROJECT ADDRESS: Existing Deed Restricted Properties throughout
Newburyport

MAP/LOT: Various

APPLICANT NAME: Newburyport Affordable Housing Trust
(Group or Committee Affiliation)

CONTACT PERSON: Judy Tymon, Chair

TELEPHONE/FAX NO.: 978-465-4400/978-465-4452

ADDRESS: c/o Katelyn Sullivan, Planner
Office of Planning & Community Development
60 Pleasant Street
Newburyport, MA 01950

EMAIL: housing@cityofnewburyport.com

AMOUNT OF COMMUNITY PRESERVATION FUNDING REQUESTED: \$150,000

COMMUNITY PRESERVATION CATEGORY: *(Please check all that apply)*

Open Space Historic Resource † Affordable Housing * Recreation

† Applicants seeking Historic Preservation funds for the preservation, restoration or renovation of historic structures must, as a condition of funding award, record a perpetual Preservation Restriction (PR) on the subject structure(s) prior

to any distribution of funds. Applications should attend a meeting of the Newburyport Historical Commission (NHC) as early as possible to discuss and confirm the nature and scope of the required Preservation Restriction. The NHC's advisory opinion will be incorporated as appropriate into any Community Preservation Committee (CPC) recommendation, City Council appropriation, and/or grant award letters or agreements thereunder. *Please Note: The Newburyport Historical Commission (NHC) is an official City board and should not be confused with the local Newburyport Preservation Trust (NPT), a non-profit advocacy group.*

The Committee may require, as a condition for funding, that the applicant grant to the City or other authorized grantee certain restrictions, including: preservation restrictions on rehabilitated or acquired historic resources, conservation restrictions on preserved or acquired lands, and deed restrictions on affordable housing projects. If applicable, the restriction shall be recorded at the Southern Essex Registry of Deeds.

PROJECT SUMMARY: Provide a description of the Project.

The Newburyport Affordable Housing Trust (the "Trust") seeks Community Preservation Act ("CPA") funding to support its Down Payment Assistance ("DPA") Program. The Trust designed and initiated this program in 2010 in an effort to retain the City's existing affordable housing inventory.

The Trust last received \$75,000 in CPA funding for this program in FY 2015. Currently only \$12,375 remains in this program's account. The Trust currently offers up to 10% of the purchase price up to \$15,000 for each eligible buyer to put towards down payment and/or closing costs for the purchase of deed-restricted affordable units. There have been four applicants to receive funding since the FY 2015 appropriation. Each of the applicants received \$15,000. There are currently five (5) new affordable housing units in the development pipeline (at different stages of construction) and 3 potential resales that should be coming up for sale in the next year. The Trust would like to start offering 10% of the purchase price up to \$20,000. This is the reason for the increased amount of CPA funding requested.

1. Down Payment Assistance Program:

The Trust created a DPA Program in 2010. It is intended for lower income home buyers who can afford monthly mortgage payments, but do not have enough to pay the initial home purchase costs. The goal of the program is to increase homeownership among low and moderate income households earning no more than 80% area median income in the City of Newburyport. In addition to meeting the income qualifications as determined by the U.S. Department of Housing and Community Development, applicants must be first time home buyers (one that has had no homeownership interest in a principal residence during the past three years OR are a displaced homemaker or single parent who has only owned a home with a former spouse while married) and they must also provide a down payment equal to a minimum of 3% of the property's purchase price.

The DPA Program is considered a "deferred payment loan" and funding is secured through a second mortgage on the property (see attachments for sample documents of the deferred payment agreement as well as the mortgage). The loan is interest free and participants will not have to pay anything back unless they refinance or sell the property within ten years. If the property is sold prior to the fifth anniversary of the sale, they will be required to pay back the full amount. Between five and ten years, the loan is forgiven in an amount equal to 20% of the assistance provided for each of the years remaining on the loan. If the participant resides in the home for ten years, the deferred loan will be forgiven.

The Trust has recently revised its DPA application (attached) in an effort to make it easier to both apply for the funding and to administer the program. One of the more significant revisions to the program is the inclusion of a formula to determine the amount of DPA funding a qualified applicant can expect to receive – 10% of the purchase price up to \$20,000. In the few months since this formula has been adopted, there have been fewer questions regarding funding availability and a greater sense of certainty

among applicants since they know exactly how much funding they may receive. This single revision to the program has increased its transparency making it a better, stronger program.

While a lot of the discussion surrounding affordable housing focuses on the creation of it, this focus needs to expand to include the discussion of how to best retain these units once they are created so that the City can continue to offer a range of housing types to the entire community. It is not enough to simply build units and deed restrict them; we need to keep these units deed restricted as ownership changes over the years to protect the value of the original investment made at the time of development. The DPA Program can help the Trust and the City do this.

PUBLIC BENEFIT: Describe in detail the benefits Newburyport will receive from the Project and how the Project fulfills the Community Preservation Committee's Project Evaluation Criteria.

CPA funding, targeted solely at efforts to increase and maintain Newburyport's affordable housing stock, supports a main tenant of the M.G.L c.44B. If awarded, this funding will help the City maintain its affordable housing stock.

In terms of the CPC's Evaluation Criteria in the Affordable Housing category, this program directly fulfills the following:

- Contributes to the goal of 10% affordability as defined by MGL Ch. 40B. The Down Payment Assistance Program is only available to buyers and sellers of units already listed (or in the process of being listed) on the City's Chapter 40B Subsidized Housing Inventory.
- Promotes a socioeconomic environment that encourages a diversity of income. The Down Payment Assistance Program encourages a socioeconomic diversity by providing an alternative to minority, lower-income and working families that have historically had limited access to capital.
- Provides housing that is harmonious in design and scale with the surrounding community. This Program is available only to buyers and sellers of existing, deed-restricted units; as such, the housing has already been vetted and determined by a variety of public boards and agencies to be compatible with and a benefit to the surrounding community.
- Intermingle affordable and market rate housing at levels that exceed state requirements for percentage of affordable units pursuant to Ch. 40B. Any funds expended through this Program on resale units within the Foundry Square development on Merrimac Street fulfills this criterion as the Foundry exceeded the 25% affordable housing units with the overall development required by Ch. 40B. 65% of the units within this development were deed restricted at the time of completion of the project.
- Ensure long term affordability. This program was designed to retain our existing affordable homeownership opportunities that the City is at risk of losing due to the current housing market. If eligible, qualified buyers are not located within the required marketing periods, sellers have the option of selling their units at fair market value without deed restrictions.
- Provide affordable ownership opportunities. This Program is focused specifically on retention of existing affordable ownership units.
- Promote use of existing buildings or construction on previously-developed sites. This Program is again focused specifically on retention of existing, previously-developed, affordable ownership units.
- Prevent conversion of affordable units to market rate units, which is the inverse of the final CPC Affordable Housing criterion, "Convert market rate to affordable units," though it fulfills the same intent.

CONTROL OF SITE: Indicate whether the applicant owns or has a purchase agreement for the Project site. If the property is under agreement, include a description of the agreement and the timing and conditions. If the applicant does not have site control, explain.

The properties eligible for Down Payment Assistance are privately owned; however, the City is a party to the recorded deed restrictions and, as such, has a right of first refusal and the ability to help locate eligible buyers of the units upon resale. The DPA Program helps otherwise eligible buyers afford the upfront costs related to purchase. This program helps the City retain its interest in these properties through the deed rider.

FEASIBILITY: List all steps that may be required for completion of the Project, such as environmental assessment, zoning or other approvals, agreement on terms of any required conservation, affordability or historic preservation restrictions, and any other known issues. For projects that may impact abutters or the neighborhood, describe support or objections from those affected.

The Trust has long been the recipient of CPA funds and has a proven track record of utilizing these funds appropriately to create and maintain affordable housing in Newburyport. The Trust, through the Office of Planning & Community Development, has successfully administered this program for about 10 years and will continue to do so with CPA funding in the coming fiscal year.

Administration of the Down Payment Assistance Program is feasible with the help of Planning Office staff who handles the day-to-day inquiries and tasks associated with each. Participants in the program are limited to buyers and sellers of existing affordable homeownership units, so no financial approvals (beyond the CPC's recommendation and the Council's appropriation) are necessary to continue offering the DPA Program. Staff, with oversight of the Trust, is able to evaluate participants and administer the funds on behalf of the Trust, as appropriate.

PROJECT TIMELINE: Describe the anticipated steps or phases for completion of the Project. Demonstrate whether the Project will be ready to proceed in the coming fiscal year.

The programs are ongoing with a proven track record. Through the DPA Program, the Trust has successfully interceded in several affordable resales to preserve the City's existing affordable housing stock.

FUNDING:

A. **Amount of Newburyport Community Preservation Funding Requested:**
\$ 150,000

B. **Other Sources of Funding Available:** If funding from other sources may be available for the Project, please complete the following table:

There is no other funding source currently available for these programs. There is the potential for funding to come back to the Trust from prior DPA Program participants when/if they resell their property before the loan is forgiven (i.e. if the owner does not live at the property for a minimum of 10 years).

ATTACHMENTS:

Include the following with ALL copies of the application:

- N/A Assessor's map showing location of the Project
- N/A Photographs
- N/A Recent written estimates of cost with detailed scope of work
- X Proposed oversight and management plan for the Project
- N/A If the project involves public property, provide verification that the applicable public agency or department supports the project as presented and will oversee the project if funded.
- N/A Historic resources include buildings, structures, vessel real properties, documents or artifacts that are listed or eligible for listing on the state register of historic place or determined to be significant in the history, archeology, architecture or culture of the city by the local historic preservation commission. If the project involves a historic resource, please provide evidence (date of listing on the state register or a letter from the Newburyport Historical Commission confirming its determination of significance) with the application that it meets these criteria
- X Sample Documents:
 - Down Payment Assistance Application

Include the following, if applicable and available:

- N/A Architectural plans and specifications, for new construction or rehabilitation
- N/A Maps, renderings, site plans
- N/A Historic structures report, existing conditions report
- N/A Names and addresses of project architects, contractors and consultants
- N/A Budgets

Attach additional sheets as necessary to answer all questions.

YOU MAY BE REQUESTED TO PROVIDE ADDITIONAL INFORMATION.

For questions contact: cpc@cityofnewburyport.com
(978) 465-4400

Oversight and Management Plan

Oversight

The Affordable Housing Trust (the "Trust") was created in 2008 and first offered a Down Payment Assistance Program with MLS Input-Only Services in 2010. Both programs have recently been revamped so improve efficiency and transparency and structured in such a way as to allow the staff to the Trust to run the programs. However, with any funding expenditure, staff provides updates to the Trust via email as to the status of the various funding accounts prior to any expenditure being made. In addition to regular correspondence by email, the Trust meets once a month to review its account and any transactions that took place since the previous meeting.

Management Plan

The day-to-day management of these programs is conducted by staff in the Planning Office. Staff will serve as a contact point for any interested parties, providing information to and addressing questions from members of the community, volunteer Board members, government representatives and officials and developers. The staff is responsible for all financial record-keeping, payment of invoices and assurance that the funds are being utilized for their specified purposes. When necessary, Trust members will provide assistance to the staff in these financial matters.



CITY OF NEWBURYPORT
AFFORDABLE HOUSING TRUST
60 PLEASANT STREET • P.O. BOX 550
NEWBURYPORT, MA 01950
(978) 465-4400

DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES

The Down Payment Assistance (DPA) Program is offered through the City of Newburyport's Affordable Housing Trust and offers up to 10% of the purchase price up to \$20,000 for eligible buyers to be put toward down payment and/or closing costs for the purchase of deed-restricted affordable units. It is intended for lower income home buyers who can afford monthly mortgage payments but do not have enough to pay the initial home purchase costs with the goal to increase homeownership among low and moderate income households in the City of Newburyport. Applications and a checklist to guide you through the process are available at the Planning Office or <https://www.cityofnewburyport.com/affordable-housing-trust>.

You are encouraged to begin your house-hunting process by applying for DPA early, before you have made an offer on a property. To avoid unnecessary delays, submit your application and all required documentation a minimum of five (5) weeks prior to your loan closing. Once qualified, your conditional letter of approval is valid for 6 months.

What Type of Assistance is Available?

DPA is considered a "deferred payment loan." The loan is interest free and you will not have to pay anything back unless you refinance or sell the property within ten (10) years. If the property is sold prior to the fifth anniversary of the sale, you will be required to pay back the full amount. Between five and ten years, the loan is forgiven in an amount equal to 20% of the assistance provided for each of the years remaining on the loan. If you reside in your home for 10 years, the deferred loan will be forgiven.

What is the Maximum Amount of Assistance?

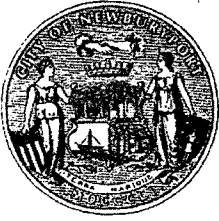
The DPA program will provide eligible buyers with 10% of the purchase price up to \$20,000.

Who is Eligible?

Applicants must meet the following eligibility requirements:

- You must purchase a deed-restricted affordable unit in Newburyport and agree to future resale restrictions
- The home must be intended for and maintained as your principal residence
- You must complete an approved homebuyer training course and provide certification of completion
- A household cannot have more than \$75,000 in assets (\$375,000 for those over 55 years of age)
- You must be approved for a mortgage with a lender
- You must provide a 3% down payment
- You must be a First Time Home Buyer (or one that has had no homeownership interest in a principal residence during the past 3 year OR you are a displaced homemaker or single parent who has only owned a home with a former spouse while married)
- You must not exceed 80% of the HUD annual median household income in the Boston Area as indicated below (for FY 2019)

Household Size	1	2	3	4
Income Limits	\$62,450	\$71,400	\$80,300	\$89,200



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 AFFORDABLE HOUSING TRUST
 60 PLEASANT STREET • P.O. BOX 550
 NEWBURYPORT, MA 01950
 (978) 465-4400

For Planning Office Only
 Date Received:

DOWN PAYMENT ASSISTANCE APPLICATION

Name: _____ SS#: _____

Name: _____ SS#: _____

Street Address: _____

City/Town: _____ State: _____ Zip Code: _____

Daytime Phone: _____ Evening Phone: _____

Email Address: _____

Total number of persons in household (including self): _____

Please list ALL household members who will occupy the home, regardless of age

Name	Age	Relationship

1. Do you own or have financial interest in any other real estate and/or business? Yes No

If yes, please describe: _____

2. You may qualify as a First Time Home Buyer if:
- You have not had an ownership interest in a residence in the past three (3) years **OR**
 - You meet the Federal Government’s definition of a “displaced homemaker” **AND**
 - You will reside in the property you purchase

Do you qualify as a First Time Home Buyer? Yes No

3. Have you attended an approved First Time Home Buyer Education class*? Yes No
 If yes, please provide a copy of your completion certification. Attendance is a requirement of funding.

4. Do you have an executed Purchase and Sales Agreement? Yes No

Address: _____ Purchase Price: _____

Scheduled Closing Date: _____

Household Income

A. Employment/Other Earnings

Gross annual income includes all wages prior to deductions, net income from the operation of a business, SSI, AFDC, pensions, rental income, alimony and child support, and other earnings. Please provide twelve (12) consecutive weeks of pay stubs from both full- and part-time employment, entire federal tax returns from past two years, and verification of all other income sources.

Household Member	Employer/Source of Income	Start & End Date	Gross Amount
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
_____	_____	_____	\$ _____
Subtotal gross annual household earned income:			\$ _____

B. Assets & Interest

Assets are items of value, such as IRAs, CDs, and checking and savings accounts. Interest received from assets are included as part of your income. Assets do not include necessary personal property such as clothing, furniture, automobiles, jewelry, etc. Please describe your assets and income or dividends from these assets in the chart below. Continue on a separate sheet if necessary.

Household Member	Asset Description	Cash Value	Annual Interest Income
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____
Total cash value of all assets:			\$ _____
Subtotal annual household interest income:			\$ _____

Total Gross Annual Household Income (Subtotals A + B): \$ _____

Certification

In signing this application I/we hereby certify that:

- I/we have correctly indicated the number of persons in the household;
- My/our total liquid assets do not exceed the asset limits as defined in the application;
- The information contained in this application is true and accurate to the best of my/our knowledge and belief under the full pains and penalties of perjury and understand that perjury will result in disqualification from further consideration; and
- I/we understand that it is my/our obligation to secure the necessary mortgage for the purchase of the home and all expenses, including closing costs, down payments, etc.

I/we further authorize the City of Newburyport to verify any and all income and asset and other financial information, to verify any and all household, resident location, and workplace information and direct any employer, landlord, or financial institution to release any information to the City for the purpose of income determination eligibility.

I/we understand that I/we are purchasing an affordable home at a substantially discounted price and that the home will remain affordable for any future buyers. I/we understand that I/we will be required to sign a Deed Rider that describes my/our responsibilities under the affordable housing program. The restrictions will apply to me and all future buyers of my/our home.

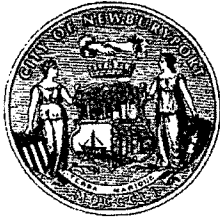
Signature

Date

Signature

Date

Submit to City of Newburyport, Office of Planning & Development,
60 Pleasant Street, Newburyport, MA 01950



CITY OF NEWBURYPORT
AFFORDABLE HOUSING TRUST
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**DOWN PAYMENT ASSISTANCE PROGRAM
APPLICATION CHECKLIST**

Applying for down payment assistance is a two-step process. The first step is to submit an application and **copies** of all required income documentation in order for us to determine if you qualify for the program. Second, once you have found a home, submit all of the property eligibility information for review. After the property's eligibility is confirmed, on the morning of your loan closing with your primary lender, you will sign loan agreements in the Office of Planning & Development. We will then provide you with a check to take to your loan closing.

Step 1: Submit Applicant Eligibility Information

- Completed Down Payment Assistance Application
- Income Verification, **COPIES** of the following that apply to *any* household member

Employed	Twelve (12) consecutive weeks of pay stubs for <i>all</i> working household members age 18 and over .
Self-Employed	Most recent federal tax returns, including Schedule C and all attachments.
Unemployed	Two (2) most recent month's checks and letter stating start date and assistance.
Social Security	Current year's letter from Social Security Office stating benefits (even for children).
Public Assistance	Recent checks and letter from agency stating amount of assistance.
Pension/Disability	Company letter stating monthly benefits for current year or direct deposit records.
Alimony and/or Child Support	Court Order or letter from non-custodial parent/ex-spouse stating payments or copies of deposited checks.
Rental Income	Two (2) most recent months of rent receipts.
Full Time Students	Letter from school stating full-time enrollment for students age 18 and over .

- Past two (2) years of Federal Tax Returns (Form 1040 with all schedules & attachments)
- Two (2) months of most recent statements including
- Checking Accounts
 - Savings Accounts
 - Investment Accounts – including retirement, Certificates of Deposit, Property, down payment gift amount, etc. Include all pages of statements.
- Evidence of a sufficient down payment, i.e. minimum of 3%, (bank statement, gift letter, etc.)
- If you owned a home within the past three (3) years but it was sold due to a divorce, provide a copy of the divorce or separation papers and proof of the home sale showing equity received (HUD Settlement Statement).
- Mortgage Pre-Approval letter

Step 2: Submit Property Eligibility Information

- An executed Purchase and Sale Agreement, as soon as it is available.
- Application Form 1003 from your lender
- Proof of cash paid by applicant toward down payment (copy of check)
- Executed Final Loan Commitment