

## Community Preservation Act

### ACCESSORY AFFORDABLE APARTMENT

#### LOAN PROGRAM GUIDELINES

##### PROGRAM REQUIREMENTS

- ◆ A Comprehensive Permit through the Zoning Board of Appeals is necessary to be eligible for the loan program.
- ◆ The Comprehensive Permit requires the apartment be leased to income eligible tenant(s) at an affordable rent limit with lease term of 12 months.
- ◆ The Town monitors the accessory apartment annually by verifying tenant income eligibility and apartment rent. The homeowner is required to provide this documentation to the Town.
- ◆ If the property owner does not comply with the Comprehensive Permit, in the first instance the Town will work with the property owner to resolve the non-compliance. If no resolution is found, the loan will be in default and shall be repaid according to the terms of the mortgage.

##### THE LOAN

- ◆ A Contract with the Town is required, describing work to be performed. Only work listed in the Description is eligible to be paid from the Loan program
- ◆ Funds are a deferred payment 0% interest loan payable in full upon sale, transfer, refinance or loss of affordable unit. If the property is sold or transferred, the loan must be repaid in its entirety upon sale or transfer.
- ◆ The accessory apartment shall at all times comply with the Comprehensive Permit. If the unit is out of compliance the loan is in default.
- ◆ The loan is secured by a lien on the subject property which is recorded at the Barnstable County Registry of Deeds.

\* **Please note** - Any costs incurred prior to execution of the loan documents are not eligible for reimbursement.

##### ELIGIBLE EXPENSES

- ◆ All work necessary to create the accessory apartment unit and/or to ensure that the apartment meets health, building and safety codes.
- ◆ Eligible rehabilitation work includes: Title V septic upgrade/repair, heating system installation/replacement, electrical/plumbing upgrades, insulation, window repair or replacement and egress improvements.
- ◆ If the rehabilitation costs exceed the amount of the loan, homeowners shall pay any remaining portion of rehabilitation/new construction costs. Costs that exceed the loan amount are the sole responsibility of the property owner.
- ◆ Funds are only disbursed to the contractor, not the homeowner, upon predetermined progress payment benchmarks, completion and inspection of the project. The homeowner shall submit the contractor's invoices to the Town for payment.

\* **Please Note** When the homeowner is qualified to perform the repairs, the Town will reimburse the homeowner for supplies only. The homeowner's labor is not eligible for reimbursement. Payment for supplies will be made upon submission of receipts for supplies and a project inspection

## **PROCUREMENT GUIDELINES**

Homeowner is responsible for providing contractors with the procurement guidelines and contractor information and soliciting 3 quotes for all work to be completed.

Contractors must be licensed in the State of Massachusetts.

## **PROCESSING PAYMENT**

-Submission of executed W-9 from Contractor.

-Funds are disbursed to the Contractor upon submission of payment request form and accompanying invoices with description of work and date of work.

-Executed Loan Agreement, Mortgage and Promissory Note

- Funds disbursed according to pre-determined progress payment benchmarks.

## **MARKETING AND RENTING**

- ◆ The accessory apartment unit shall be marketed and rented on an open and fair basis to an income eligible individual. The Program requires the homeowner to list the availability of the unit with the Barnstable Housing Authority and Housing Assistance Corporation.
- ◆ The homeowner shall immediately notify the Accessory Apartment Coordinator when the accessory apartment becomes vacant.
- ◆ The homeowner shall submit tenant income verification documents to the Accessory Apartment Coordinator once a tenant is found.

## **MONITORING**

- ◆ Annually the homeowner shall submit documentation of the rent charged for the accessory apartment and the income of the tenant to the AAAP Coordinator. The homeowner and tenant shall provide any additional information, as deemed necessary by the AAAP Coordinator, to verify information.