

Inclusionary Housing Program Information Packet & Pre-Lottery Application



An Affordable Re-Sale Opportunity at 50 Bow
Street Unit #3



Introduction

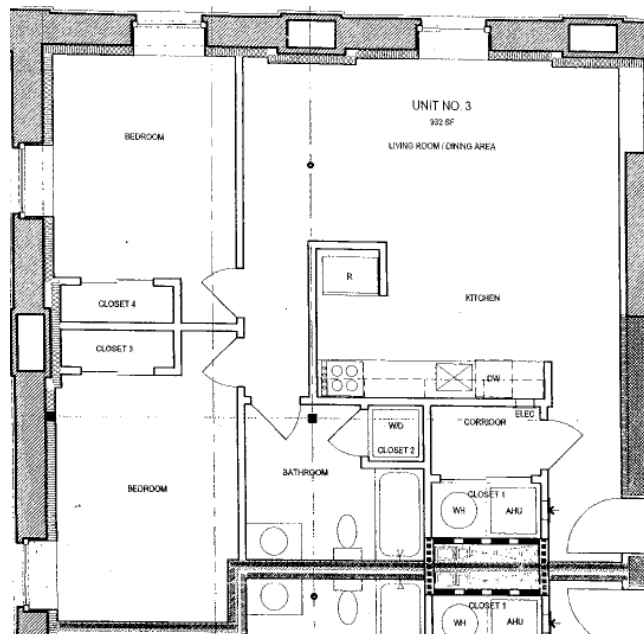
Mayor Joseph A. Curtatone and the City of Somerville's Office of Strategic Planning City of Somerville (OSPCD) are pleased to announce the re-sale of a two (2) two-bedroom condominium to an income eligible, first-time homebuyer household at an affordable, below market price of **\$260,627** through the City's Inclusionary Housing Program. **The condo will be offered to a household earning between 81% and 110%** of the area median income ("AMI") (see eligibility table on page 3). Preference in the lottery is given for applicants currently living or working full-time in Somerville who provide current verification of this with their application.

As a deed-restricted unit, this condo will have a deed rider that will be filed along with the unit deed and mortgage at the time of purchase. This means, among other requirements, that the price at which the unit is re-sold will be restricted and any subsequent owner will also be required to be a first-time homebuyer and to have an income between 81%-110% of AMI. This will ensure that the unit remains affordable in the long term. More information on the deed rider and restrictions can be found on page 8.

Building & Unit Description

50 Bow St. #3 is one (1) of fourteen (14) units located in an historic brick building originally constructed in 1874 which once housed a Police Station. This building is located just behind the Bow Street Market in Union Square just across the street from a bus stop and short distance to the upcoming Union Sq. Green Line Extension stop. Unit no. 3 is a 2 bedroom one bath, garden unit with an open layout measuring approximately 957 sq. ft. unit includes: in-unit laundry, Bosch stainless steel appliances, dishwasher, jetted tub, central AC, wood flooring, forced air heating, bike storage in common area, as well being There is no on-site parking and the building is pet friendly. The monthly condo fee is \$178.02 and is subject to annual changes as set by Urbanica 50 Bow Condominiums Association. Property taxes are estimated at \$284.64 per month without a Residential Exemption based on assessments as of January 1, 2017 The unit will be ready for occupancy upon closing. A floor plan of the unit can be viewed below:

50 Bow Street #3 Floor Plan



What Eligibility Restrictions Apply?

Asset limit is set at \$250,000 excluding restricted retirement accounts, college and health savings plans. Both heads of households cannot be full-time students. Applicants must be in a household with **2 or more people** in order to apply for 50 Bow St. #3. One person households are not eligible to purchase two-bedroom units unless they are eligible for a reasonable accommodation.

How Is Household Size Defined?

A "household" includes all persons who will be residing with you in the unit you are applying for including children, teenagers and adults. A household member is a household member even if the person does not earn income.

How Do I Know If My Household Is Income Eligible?

In order to be eligible to purchase this unit, household annual income must be within the guidelines listed in the Maximum Gross Annual Household Income Limits Table below. If your household's gross annual income is between 81% - 110% AMI, you may be eligible. Applicants must have enough income to support monthly mortgage, condo fee, utilities and must be able to make a minimum of 3% down payment towards the purchase of this home.

Maximum Gross Annual Household Income Limits (Adjusted by household size). <u>Your household's total annual income must fall between the ranges below.</u>	
How many persons are in your household?	Is your household's gross annual income between the ranges below?
2	\$64,901- \$94,864
3	\$73,001- \$106,722
4	\$81,101- \$118,580
5	\$87,601- \$128,066

The combined annual income from **all** sources and for all members of the household must not exceed **110% AMI, adjusted** by household size as indicated above.

What Is A Complete Application?

A complete application includes:

- 1) An application completely filled in and signed by all household members 18 +, if a question is not applicable *do not leave it blank, put N/A for not applicable*;
A valid First-Time Homebuyers Training Class Certificate (see below), or proof of enrollment in a MHC approved class scheduled to be completed by the end of December 2018;
- 2) Current Mortgage Pre-Approval, Credit Approval or Pre-Qualification letter including an interest rate or interest rate range for a 30 year fixed mortgage covering the cost of the home and valid through the lottery date, November 26th 2018 **AND**;
- 3) Current (dated within the last 30 days from the date the application is submitted) preference verification, if applicable, see page 8 for more details on accepted forms of verification.

*Applications that **do not** include this information will not be considered complete and **will not** be included in the lottery.*

What Are First-Time Homebuyers?

Applicants must be first-time homebuyers. A person shall be considered a first-time homebuyer if no person in his or her household has, within the preceding three (3) years, owned a home or owned an interest in a home through joint ownership. Exceptions may be made in the following five (5) instances ONLY:

1. A displaced homemaker: A displaced homemaker is an individual who is an adult meeting ALL criteria:
 - Has not worked full-time, full year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family
 - Owned a home with his or her partner or resided in a home owned by the partner
 - Does not own the home previously owned with a partner
 - Is unmarried to or legally separated from the spouse
2. A single parent, where the individual owned a home with his or her partner or resided in a home owned by the partner and is a single parent (is unmarried or legally separated from a spouse and either has 1 or more children of whom they have custody or joint custody, or is pregnant).
3. An age-qualified household (in which at least one member is age 55 or Over) which is selling a home in order to purchase an Income-Restricted unit.
4. A household that owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
5. A household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.

Either the head or co-head of household is required to complete a Massachusetts Housing Collaborative (MHC) approved first-time homebuyer's course and submit a copy of a valid certificate of completion with the application. Proof of enrollment in a first-time homebuyer's training class with the submission of the application will also be accepted; however the course must be completed before the end of December 2018. Keep in mind that, if submitting only verification of enrollment in a course for the lottery and your household is chosen, you will be required to submit the certificate of completion before closing.

Where Can I Find First-Time Homebuyer Courses?

In Somerville, MHC approved first-time homebuyer courses are taught monthly at Somerville Community Corporation (SCC) in Union Square. You can register for this class by contacting Janine Lotti at 617-776-5931 ext.9906 or by emailing her at jlotti@somervillecdc.org. In person classes cost \$45 while online courses cost \$100. The course must be completed by January 15, 2019, the anticipated closing date.

For more options throughout the Greater Boston Metro Region, Citizens' Housing and Planning Association (CHAPA) provides a directory of MHC approved first-time homebuyer training courses, you can find up to date listings on their website www.chapa.org. Online and in person classes are listed there at various prices, dates, times and languages.

Where Can I Get A Bank Pre-Approval Letter?

Applicants are required to submit as part of their application a **current mortgage pre-approval/pre-qualification/credit approval letter for a 30 year fixed mortgage, and the letter must include an interest rate or interest range.** In order for the letter to be valid the bank must pull the applicant's credit, review tax returns, income, assets and debt before providing the letter as this program is for Ready Buyers. The pre-approval must be valid through the lottery date, Monday November 26th, 2018. ***Acquiring this letter may take up to two (2) weeks to secure—please allow plenty of time to secure the mortgage pre-approval.***

Note: Pre-Qualification letters from internet banking sites do not meet this requirement.

Pre-Qualification letters subject to a review of credit, employment, or asset verification do not meet this requirement.

Applicants must have at least 3% of purchase price (\$7,818.81) available for down payment and sufficient funds to a home inspection (approximately \$500), cost of hiring an attorney, and closing costs if not eligible for the City's Closing Cost Assistance Program.

Participating Banks & Lending Institutions*

*Each institution has agreed to provide **free pre-approval services** and information on the best mortgage product available to suit your needs.*

Winter Hill Bank
342 Broadway
Somerville, MA. 02145
Office: (617) 629-3330 Cell: 978-500-4746
Contact: Rich Vernet
Email:rhvernet@winterhillbank.com

Eastern Bank
250 Elm Street
Somerville, MA. 02144
(617) 628-9700
Contact: Francisco Rodriguez

Cambridge Savings Bank
1374 Massachusetts Avenue
Cambridge, MA.02138
(617) 441-4137
Contact: Rick Garber

East Cambridge Savings Bank
292 Cambridge Street
Cambridge MA 02141
(617) 551-2453/ prizzo@ecsb.com
Contact: Tricia Rizzo

*The above contacts are meant only as examples of lenders that have worked with clients in the Inclusionary Housing Program in the past. You are free to use any lender you wish provided they are issuing 30-year fixed rate standard mortgages and are not internet companies.

Where Do I Submit An Application?

The deadline to submit a complete application in order to participate in the lottery is **Thursday, November 8, 2018 by 6:30 PM.** Applications received after 6:30 PM on Thursday, November 8, 2018 will not be considered. Applications should be submitted to Ithzel Polanco-Cabadas at ipcabadas@somervillema.gov or via fax at 617-666-8035, via mail Attn: Ithzel Polanco-Cabadas Housing Division at 50 Evergreen Avenue, Somerville MA 02145 if mailing an application make sure to submit it no later than one (1) week prior to the deadline. Alternatively, you can submit the application in person in the City Hall Annex on the Housing Division on the 1st floor. Only complete and eligible applications will be included in the lottery.

The Housing Division will review complete applications as time is available before and after the deadline ahead of the lottery. Once the applications are reviewed, if determined complete and eligible, the applicants will receive notifications (via email if provided or mail). The notification will include a unique identifier to maintain the applicant's name and ranking on the lottery list confidential.

When Is The Lottery?

A lottery will take place on Monday November 26 at 11:00 AM at the Somerville City Hall Aldermanic Chambers located at 91 Highland Ave., Somerville. All participating applicants will have received unique identifiers ahead of the lottery. Applicants are not required to be present at the lottery. All unique identifiers will be called in the order in which they are drawn during the lottery and placed on a lottery list. All applicants will be notified of their standing on the lottery list within two (2) weeks from the lottery date via email or regular mail, as described. The applicant whose unique identifier is pulled first will be contacted immediately via phone and email or regular mail. This household will have five (5) business days to submit the required income documentation to the Housing Division for an income certification. Household no. 2 will be notified if the first household is determined ineligible.

What Are Lottery Preferences & How Do I Receive a Preference?

Households who either currently reside or currently work full-time (32 hours or more) in the City of Somerville who provide valid and current verification will receive a preference.

To receive the residency preference, households must provide verification **dated within the last thirty (30) days** from the date they are submitting a complete application and can submit one of the following: a utility bill voter registration, a credit card or bank statement, or a copy of a current lease where the applicant, date and address are specifically identified.

Applicants working full-time physically within the city of Somerville must provide a paystub dated within the last thirty (30) days or a letter of employment signed and dated by the employer with contact information stating the employee works 32 hours or more per week at a business located within the City. The letter must be dated and include the business address.

What Documents Are Needed For An Income Certification?

Household no. 1 will have five (5) business days to submit the income documentation listed below, including Federal tax returns, as well as income and asset documentation to the Housing Division. The Housing Division reserves the right to request additional income documentation as may be necessary to complete a household's income certification. We recommend households begin to set these documents aside in order to facilitate submission to the Housing Division after the lottery.

Income Documents Include but are not limited to the following:

1. Last three (3) years of Federal tax returns, all pages and schedules, including all W2s and any 1099s;
2. Most recent three (3) months of consecutive paystubs and/or other income documentation (child support, pensions, Social Security Benefits etc.);
3. Employer verification forms signed by employee(s) with the employer's contact information (to be sent directly to employers by the City);

4. Most recent three (3) consecutive months of all asset statements for all household members (including but not limited to: checking, savings, Mutual Funds, IRAs, 401(K)s, CDs, PayPal, Venmo, Square, or any other digital currency);
5. Statements of no income for any adults in the household who do not receive any income signed by both the adult not receiving income and head of household;
6. Social security cards for all household members;
7. Other documents may also be requested by the City at the time of income certification

Please note if deposits are not explained within the statement, an explanation of deposits, explaining the nature and source of the deposit, will be required. Additionally, if the most recent Federal Income Tax Return includes W2s from an employer you no longer work for, employment termination must be verified.

How Do I Appeal a Determination On My Application?

A household deemed ineligible upon the completion of the income certification process has the right to appeal the income determination. To initiate the appeals process, the ***applicant must send a written Appeal Request to the Director of the Housing Division within one week of the ineligibility determination***. In this written request to the Director of the Housing Division, the household must identify in specific terms (for example, inclusion of an income sources no longer received or assumptions made in the calculation) what about the determination is being appealed. While it is the responsibility of the household to provide the Housing Division with all of their current income documents, if there are other documents the household wishes to supply, the household should state such in its written appeal, and either include the additional documents in the appeal request, or provide a timeline within which such documents can be provided. It is within the discretion of the Housing Director whether to accept/wait for additional documents; however, the documents should be provided without any unreasonable delay, with time being of the essence. The Housing Division Director will consider the appeal request and any new information or documentation provided and make a determination. The household will be notified in writing by the Housing Director regarding the outcome of the appeals determination.

Proceed Letter

If a household is found income eligible the Housing Division will provide a Proceed Letter outlining the next steps. Once certified and after receiving a Proceed Letter, the buyer will have 15 days to complete a private home inspection, review the report, and enter into a Purchase and Sale Agreement (P&S) with the owner. Copies of the Private Home Inspection report and executed P &S must be provided to the Housing Division. The buyer will formally apply for a mortgage loan with their chosen lender and then the buyer and owner will agree to a mutually convenient closing date included in the P&S. If the household is pursuing a Closing Cost Assistance Application with the City of Somerville, please be advised that a closing date should be identified in consultation with the City. If determined eligible for assistance, the City's Closing Cost assistance check can take anywhere from 2-4 weeks to be generated. Final analysis is not completed by the City until in receipt of the final Closing Disclosure.

Description of Affordable Housing Restriction

This opportunity to purchase an affordable unit at a significant discount is being offered through the Somerville's Inclusionary Housing Program. This requires, among other things, that the unit remain affordable

for future buyers. If you are selected to purchase this unit, you will sign a “Deed Rider”, which describes the restrictions on the unit and your responsibilities. These restrictions will remain with the unit permanently and will apply to you and all subsequent owners. The following is an overview of the most important aspects of the Deed Rider and is meant for informational purposes only. If selected, you are strongly encouraged to seek legal advice and review the total document.

- **Principal Residence:** The unit must be used as your primary principal residence.
- **Leasing and Refinancing:** Express written consent must be obtained from the City of Somerville OSPCD, Housing Division prior to refinancing your loan.
- **Notice to the City of Somerville when selling your home/unit:** When you want to sell your home, you must contact the City of Somerville, OSPCD Housing Division. You must submit a written intent to sell. OSPCD will calculate the Maximum Affordable Sale Price. At this time, Division practice permits the owner to elect to market the unit independently after the City sets the maximum price and reviews and approved marketing material, or owners may request the City’s assistance in locating a buyer. In all cases, the buyer must meet income and asset criteria and the City must certify their income and must also be first time homebuyers.
- The City conducts annual monitoring, and compliance with the monitoring is mandatory.
- Improvements are not included in the resale calculations; if you are thinking of doing an improvement, you must contact OSPCD’s Housing Division first.
- You can hope for a small modest increase in the resale price, however, you will not receive an increase like you will see on the open market. The price ***does not*** increase a set percentage every year. Remember, upon resale, the units must remain affordable to another income eligible first time homebuyer.

A deed- restricted unit cannot be resold without the City’s Certificate of Compliance, verifying all requirements were met.

Approximate Timeline

- Application Due Date: Thursday November 8, 2018 at 6:30 PM
- Open Houses at 50 Bow Street #3 on **Sunday, November 4 2018 11:30AM-1:30PM & Wednesday November 8, 2019 6:00-8:00 PM**
- Lottery: Monday, November 26, 2018 at 11:00 AM at City Hall Aldermanic Chambers
- Lottery Results Notification by December 14
- Income Certification Documents Submitted within week of notification
- Proceed Letter issued by Housing Division
- Private Home Inspection must be scheduled within two (2) weeks of Proceed Letter
- Purchase and Sale signed within fifteen (15) days of Proceed Letter
- Obtain a mortgage
- Closing approximately within 30-45 days
- Projected Occupancy: -January/February 2019

Individuals with disabilities who need auxiliary aids and services for effective communication, written materials in alternative formats, or reasonable modifications in policies and procedures, in order to access the programs and activities of the City of Somerville or to attend meetings, should contact the City’s Manager of Equity, Diversity, and Inclusion, Nancy Salamoun, at 617-625-6600 x2323 or nsalamoun@somervillema.gov.

Please keep this information packet for reference as you proceed through the lottery and income certification.

50 Bow Street Re-Sale Pre-Lottery Application

Unit 3 (2 BR at 81% - 110% AMI) sale price: \$260,627

Application Deadline: Thursday November 8, 2018 @ 6:30 PM

A. GENERAL INFORMATION

You must include information about all household members including income, assets and debt (regardless of whether they will be on the mortgage).

Please answer all questions. Incomplete applications will be disqualified.

Applications are not complete without the following documents:

- BANK PRE-APPROVAL for a 30 year fixed mortgage and must incl. interest rate/range
- First Time Homebuyer Class Certificate (or verification of enrollment and that class will be completed by closing date)

Additional income documentation will be requested at time of income certification and will include but is not limited to: employer verification form, 3 consecutive months of paystubs/income statements, 3 consecutive months of asset statements for all accounts owned, last 3 Federal Tax Returns, all pages and schedules, 1099s and W2s

B. APPLICANT INFORMATION

Head of Household: _____

Co-head of Household: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Cell Phone No.: _____ Work Phone #: _____

E-mail Address: _____

How did you hear about this opportunity? _____

Does any member of the household have any accessibility or reasonable accommodation requests or changes in a unit or development or alternative ways we need to communicate with you? Any requests for a change can also be made later in the process, prior to occupancy. Yes No

Do you currently live or work full-time in Somerville? Yes No

If yes, you must submit current documentation to receive the preference. See page 9 of the Information Packet for more details.

Is any member of your household a City employee? Yes No

Is the head of household a full time student? Yes No

Is the co-head of household a full time student Yes No

Please note: Both head of households cannot be full time students. Full time students are not eligible to participate in this HOME funded opportunity.

The following questions are optional and not a requirement to participate in the Inclusionary Housing Program:

What is the head of household's ethnicity? Hispanic Non-Hispanic

What is the head of household's race? Please check all boxes that apply:

African-American/Black (non-Hispanic) American Indian/Alaskan Native Asian
 Caucasian (non-Hispanic) Native Hawaiian/ Other Pacific Islander Other

Total number of persons in household: _____

List all household members (including yourself and children who would move into unit)

FULL NAME	SOCIAL SECURITY #	AGE	RELATIONSHIP TO HEAD OF HOUSEHOLD	TYPE OF INCOME

C. HEAD OF HOUSEHOLD INCOME INFORMATION

1. Head of Household's Present Gross Monthly Income _____

How much in raises, bonuses, tips, commission have you received within the last 12 months? _____

Do you anticipate bonuses, tips or commissions within the last 12 month? If so, how much _____

Have you received a raise or cost of living adjustment within the last 12 months? YES/NO

If so, when was it received and how much was this raise or cost of living adjustment (COLA)? _____

Do you anticipate any raises or COLAs within the next 12 months? YES NO

If so, indicate when and by how much: _____

Employer's Name and Address: _____

Employer's Phone Number: _____

Length of Employment: _____

All Other Sources of Income:

Including but not limited to other jobs, child support, pension, benefits, etc.

Source: _____ Monthly Amount: _____

Source: _____ Monthly Amount: _____

2. Co-Head of Household's Present Gross Monthly Income _____

How much in raises, bonuses, tips, commission have you received within the last 12 months? _____

Do you anticipate bonuses, tips or commissions within the last 12 month? If so, how much _____

Have you received a raise or cost of living adjustment within the last 12 months? YES/NO

If so, when was it received and how much was this raise or cost of living adjustment (COLA)? _____

Do you anticipate any raises or COLAs within the next 12 months? YES/NO

If so, indicate when and by how much: _____

Employer's Name and Address: _____

Employer's Phone Number: _____

Length of Employment: _____

All Other Sources of Income:

Including but not limited to other jobs, child support, pension, benefits, etc.

Source: _____ Monthly Amount: _____

Source: _____ Monthly Amount: _____

D. INCOME FROM OTHER HOUSEHOLD MEMBERS

Other Household Member's Present Gross Monthly Income _____

How much in raises, bonuses, tips, commission have you received within the last 12 months? _____

Do you anticipate bonuses, tips or commissions within the last 12 month? If so, how much _____

Have you received a raise or cost of living adjustment within the last 12 months? YES/NO

If so, when was it received and how much was this raise or cost of living adjustment (COLA)? _____

Do you anticipate any raises or COLAs within the next 12 months? YES NO

If so, indicate when and by how much: _____

Employer's Name and Address: _____

Employer's Phone Number: _____

Length of Employment: _____

All Other Sources of Income:

Including but not limited to other jobs, child support, pension, benefits, etc.

Source: _____ Monthly Amount: _____

Source: _____ Monthly Amount: _____

3. Other Household Member Present Gross Monthly Income _____

How much in raises, bonuses, tips, commissions have you received within the last 12 months? _____

Do you anticipate bonuses, tips or commissions within the last 12 month? If so, how much _____

Have you received a raise or cost of living adjustment within the last 12 months? YES/NO

If so, when was it received and how much was this raise or cost of living adjustment (COLA)? _____

Do you anticipate any raises or COLAs within the next 12 months? YES NO

If so, indicate when and by how much: _____

Employer's Name and Address: _____

Employer's Phone Number: _____

Length of Employment: _____

All Other Sources of Income:

Including but not limited to other jobs, child support, pension, benefits, etc.

Source: _____ Monthly Amount: _____

Source: _____ Monthly Amount: _____

E. FIRST-TIME HOMEBUYER STATUS

Have you owned a home or joint interest in a home in the three years prior to the date of this application?

Yes

No

If yes, please explain: _____

F. ASSETS

List all Savings/checking and other assets, including accounts such as a 401(k), IRA, Certificate of Deposit, Venmo, Paypal, Bitcoin accounts etc.

Name on Account	Bank/Institution	Account Type	Current Balance

- Are Additional funds available for a down payment? Yes No
 - Will any portion of your down payment be derived from **GIFT** money? Yes No
- If yes to either, you MUST complete the question immediately below:
- Describe amount and source of additional down payment: _____

F. DEBT INFORMATION

1. Applicants Present Monthly Rent: _____

Do you have a lease? Yes No If yes, when does it end? _____

2. List any Debt, other than credit cards, that requires a scheduled payment for any household member:

Source of Debt	Balance Due	Monthly Payment

3. List all credit cards, with present balance due and monthly payments being made:

Credit Card Name	Balance Due	Monthly Payment

4. Have you ever been past due on any credit or loan account? Yes No

If yes, explain: _____

F. NOTIFICATION

All information you provide here will be treated as confidential and used by our office to determine eligibility in purchasing this homeownership unit available for resale through the City's Inclusionary Housing Program. Applicants understand that, if selected, OSPCD's Housing Division will require complete income and asset verification. This means that applicants, if selected, must provide the OSPCD with documentation and further verification of all information related to income, assets, and household members. The applicant certifies all information in this application is true to the best of his or her knowledge and belief, and no information has been included or excluded which might reasonably affect judgments regarding applicant's eligibility.

IMPORTANT TIME-SENSITIVE REMINDER

This opportunity is for READY-FIRST TIME HOMEBUYERS only. You must submit an acceptable mortgage pre-approval with this application.

The mortgage preapproval must have conventional terms (30 year fixed rate standard mortgage). It must list an interest rate or interest rate range and be for an amount sufficient to cover the cost of the unit. The mortgage preapproval must be from a bank using conventional underwriting criteria. Preapprovals from other sources will not be accepted. Your mortgage pre-approval cannot be subject to conditions relating to confirmation of income, work history or satisfactory credit reports.

A mortgage pre-approval may take 2-4 weeks for a bank to process, and will require that you provide significant documentation to the lender. Therefore in order to obtain a qualified mortgage pre-approval, **you should apply immediately.**

If you do not submit an acceptable mortgage preapproval with this application, you will not be eligible. Pre-qualifications are not accepted. The lending institution must review the applicant's income and asset statements, credit report and debt before providing a pre-approval.

I have read and understand the conditions of the mortgage pre-approval, the deed rider and affordable housing resale restrictions and the deadlines as described above. I certify under penalty of perjury that the information I have provided is complete and accurate. I understand that the provision of false information and statements are grounds for ineligibility under the City of Somerville's Inclusionary Housing Program.

Print Head of Household's Name

Head of Household's Signature

Date

Print Co-head of Household's Name

Co-head of Household's Signature

Date