

# CARES: Emergency Income Payment Program

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In response to the Coronavirus Aid, Relief, and Economic Security (CARES) Act the City of Lewiston will provide much needed relief of rent, mortgage, or utility payment for up to three (3) months to alleviate the housing burden for low income households that have lost their employment income as the result of the Covid-19 pandemic.

## **Program Goal:**

- To alleviate financial pressure for low income households as the result of the Covid-19 pandemic.
- To provide greater economic security to homeowners and rental property owners.

## **Estimated Funding Available:**

Starting on May 6, 2020, it is expected that 75 households (renters and homeowners) will qualify for the program. There is \$247,830 available for the program in the form of grants.

## **Eligible Applicants:**

- Renters and Homeowners living in the City of Lewiston;
- Household Income is at or below 80% of Median Family Income (MFI) for the Lewiston-Auburn Metropolitan Statistical Area (Attachment 1);
- Lost household income as a result of Covid-19;
- Provide documentation of income received as a result of any governmental response program due to Covid-19 (such as unemployment compensation); **and**
- A gap exists between household income prior to Covid-19 and now.

## **Type of Assistance:**

Applicants that meet all of the criteria listed above are eligible to apply for an Emergency Income Payment for rent or mortgage principal and interest, and may be eligible to receive up to a total of \$500 in utility assistance for current electricity or fuel costs for a period not to exceed three (3) months. All payments made on behalf of the applicant will be paid directly to the vendor. Under no circumstance will the payment be made directly to the household.

## **Program Requirements:**

### **For all applicants:**

- Applicants will be required to provide household income, assets and expenses from the time when the household lost income (pre and post Covid-19); documentation of rent or mortgage owed; documentation of any relief programs applied for including the history of benefits received or estimated benefits;

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- Sign and comply with a Declaration of Benefits (DOB) statement and agreement to pay City back if funding is received from another source.

## **For Renter households @ or below 80% of Median Family Income:**

- Renter must provide documentation from the rental property owner that no evictions were pending prior to Covid-19;
- A Lease Agreement or a letter/email from the rental property owner the amount of rent the tenant pays and a statement that the household was in good standing with the property owner and not subject to an eviction for failure to pay rent prior to January 20, 2020 (coincides with President declaring Maine a Major disaster)
- Landlord will be expected to enter into a Contract with the City to receive this payment if approved.

## **For owner occupied households @ or below 80% of Median Family Income:**

- Homeowner must provide notification from Lender that the owner does not qualify for a mortgage forbearance or suspension of mortgage payment;
- Mortgage Statement showing the amount of Principal and Interest;
- May need to provide permission to run a Credit Report to verify that the household was in good standing with mortgage

## **Review and Approval:**

The City will review the contents of the application and may use 3<sup>rd</sup> party verification methods to document income, assets, and expenses for all applicants. The City will use Part 5 Income Determination Method (Attachment 2: Income Inclusions and Exclusions of Part 5). Expenses provided by the applicant will be analyzed. A cash flow analysis will be prepared for pre and post Covid income and expense. The City will only fund the gap. For some applicants that may mean the entire rent or mortgage but for others that may mean a partial payment. At the same time, the City will verify eligibility for utility payment. The analysis will be reviewed and signed by the applicant household. This funding may only be used to fund the gap. Any money received into the household after the gap determination, may render the household ineligible the household may be required to repay the City.

The analysis and recommendation will be submitted for the Director to review. Included will be an analysis of the gap payment, the amount of the assistance and whether or not the household qualifies for utility assistance. The Director will approve or deny the request for assistance and the applicant will be notified of the decision. If approved, the closing documents will be prepared and sent to the applicant. If denied, the applicant will be provided a “*Notice of the Right to Appeal*”. This notice will detail the reasons for the denial and will provide instructions of the appeal process.

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The applicant may appeal the Director's decision to the City Administrator or his designee and will use the following procedure:

- The request for a hearing must be made in writing to the City Administrator within 30 days of the date of decision.
- No new information may be presented by the applicant, only clarification of information that was originally provided, which, in the applicant's point of view, may not have presented their complete financial condition.
- The applicant may provide a written explanation to the City Administrator or may request a meeting, which may be on Zoom, conference Call or equivalent.
- The City Administrator will review the information and make a determination on the appeal. The City Administrator will contact the Director of Economic and Community Development with the decision. The City Administrator's decision is final.

### **To Apply for the Emergency Income Program:**

Applications are available by calling the Lewiston Social Services Department at 207-513-3130, leaving your name and address and an application will be mailed to you. Or you may download the application online: <https://www.lewistonmaine.gov/127/Economic-Community-Development-Departmen>

### **CDBG Eligibility and National Objective:**

This program is eligible for CDBG funding under 570.207(b)(4) and the National Objective is LMI Limited Clientele 570.208(2)(C).

### **Environmental Review Requirements:**

This program is considered to be classified as 24 CFR 58.35(b) (2) a Categorical Exclusion Not Subject to 58.5.

2020 Income Limits

Low and Moderate Income Limits

Effective Date: April 17, 2020

Median Income is \$75,900

FAMILY SIZE	80% of Median Income	50% of Median Income	30% of Median Income
1 person	\$39,150	\$24,500	\$14,700
2 persons	\$44,750	\$28,000	\$17,240
3 persons	\$50,350	\$31,500	\$21,720
4 persons	\$55,900	\$34,950	\$26,200
5 persons	\$60,400	\$37,750	\$30,680
6 persons	\$64,850	\$40,550	\$35,160
7 persons	\$69,350	\$43,350	\$39,640
8 persons	\$73,800	\$46,150	\$44,120*

Date of Publication: April 14, 2020 by the U.S. Department of Housing and Urban Development

## Part 5 (Section 8) Income Inclusions and Exclusions

### 24 CFR 5.609(b) and (c)

Examples included in parentheses have been added to the regulatory language for clarification.

#### INCOME INCLUSIONS:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a \*\*periodic amount (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action). See paragraph (13) under Income Exclusions for an exception to this paragraph;\*\*
- (5) Payments in lieu of earnings, such as unemployment, disability compensation, worker's compensation, and severance pay, except as provided in paragraph (3) under Income Exclusions;
- (6) Welfare Assistance.
  - (a) Welfare assistance received by the family.
  - (b) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in

accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

- (c) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
  - (d) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and
  - (8) All regular pay, special pay, and allowances of a member of the Armed Forces, except as provided in paragraph (7) under Income Exclusions.
  - (9) For Section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph "financial assistance" does not include loan proceeds for the purpose of determining income. \*(Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance.)\*

**INCOME EXCLUSIONS:**

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, except as provided in paragraph (5) under Income Inclusions;
- (4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in aide, as defined in 24 CFR 5.403;
- (6) The full amount of student financial assistance paid directly to the student or to the educational institution (see Income Inclusions (9), above, for students receiving Section 8 assistance);
- (7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm);

- (8)
- (a) Amounts received under training programs funded by HUD (e.g., training received under Section 3);
  - (b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set-aside for use under a Plan to Attain Self-Sufficiency (PASS);
  - (c) Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program;
  - (d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident- initiative coordination. No resident may receive more than one such stipend during the same period of time; or
  - (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program.
- (9) Temporary, nonrecurring, or sporadic income (including gifts);
- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. (Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era);
- (11) Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
- (12) Adoption assistance payments in excess of \$480 per adopted child;
- (13) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;
- (14) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
- (15) Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (16) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the *Federal Register* and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary. *NOTE: the following is the updated list from the Federal*

Register dated May 20, 2014.

The following is a list of income sources that qualify for that exclusion:

- (a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 [b]);
- (b) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058) (e.g., employment through AmeriCorps, Volunteers in Service to America [VISTA], Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
- (c) Certain payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626[c]);
- (d) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
- (e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624[f]);
- (f) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, section 6);
- (g) The first \$2,000 of per capita shares received from judgment funds awarded by the National Indian Gaming Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, and the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408). This exclusion does not include proceeds of gaming operations regulated by the Commission;
- (h) Amounts of scholarships funded under title IV of the Higher Education Act of 1965 (20 U.S.C. 1407-1408), including awards under federal work-study programs or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu). For section 8 programs only (42 U.S.C. 1437f), any financial assistance in excess of amounts received by an individual for tuition and any other required fees and charges under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall not be considered income to that individual if the individual is over the age of 23 with dependent children (Pub. L. 109-11, section 327) (as amended);
- (i) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056g) (e.g., Green Thumb, Senior Aides, Older American Community Service Employment Program);
- (j) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent Orange Liability Litigation*, M.D.L. No. 381 (E.D.N.Y.);
- (k) Payments received under the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 25 U.S.C. 1728);
- (l) The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);

- (m) Earned income tax credit (EITC) refund payments received on or after January 1, 1991, for programs administered under the United States Housing Act of 1937, title V of the Housing Act of 1949, section 101 of the Housing and Urban Development Act of 1965, and sections 221(d)(3), 235, and 236 of the National Housing Act (26 U.S.C. 32[I]);
- (n) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);
- (o) Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990 (42 U.S.C. 12637[d]);
- (p) Any allowance paid under the provisions of 38 U.S.C. 1833(c) to children of Vietnam veterans born with spina bifida (38 U.S.C. 1802-05) children of women Vietnam veterans born with certain birth defects (38 U.S.C. 1821), and children of certain Korean service veterans born with spina bifida (38 U.S.C. 1821);
- (q) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602);
- (r) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931(a)(2));
- (s) Any amount received under the Richard B. Russell School Lunch Act (42 U.S.C. 1780(e)) and the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), including reduced-price lunches and food under the Special Supplemental Food Program for Women, Infants, and Children (WIC);
- (t) Payments, funds, or distributions authorized, established, or directed by the Seneca Nation Settlement Act of 1990 (25 U.S.C. 1774f(b));
- (u) Deferred amounts from Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts (42 U.S.C. § 1437a(b)(4));
- (v) Compensation received by or on behalf of a veteran for service-connected disability, death, dependency, or indemnity compensation as provided by an amendment by the Indian Veterans Housing Opportunity Act of 2010 (Pub. L. 111-269; 25 U.S.C. 4103(9)) to the definition of income applicable to programs authorized under the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4101 *et seq.*) and administered by the Office of Native American Programs;
- (w) A lump sum or a periodic payment received by an individual Indian pursuant to the Class Action Settlement Agreement in the case entitled Elouise Cobell et al. v. Ken Salazar et al., 816 F.Supp.2d 10 (Oct 5, 2011 D.D.C.), for a period of one year from the time of receipt of that payment as provided in the Claims Resolution Act of 2010 (Pub. L. 111-291);
- (x) Any amounts in an "individual development account" as provided by the Assets for Independence Act, as amended in 2002 (Pub. L. 107-110, 42 U.S.C. 604(h)(4));
- (y) Per capita payments made from the proceeds of Indian Tribal Trust Cases as described in PIH Notice 2013-30 "Exclusion from Income of Payments under Recent Tribal Trust

Settlements” (25 U.S.C. 117b(a)); and

- (z) Major disaster and emergency assistance received by individuals and families under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Pub. L. 93-288, as amended) and comparable disaster assistance provided by the States, local government, and disaster assistance organizations (42 U.S.C. 5155(d)).

## **Part 5 (Section 8) Asset Inclusions and Exclusions**

### **ASSET INCLUSIONS:**

- (1) Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets;
- (2) Cash value of revocable trusts available to the applicant;
- (3) Equity in rental property or other capital investments. Equity is the estimated current fair market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., penalties or broker fees) that would be incurred in selling the asset. Under HOME, equity in the family’s primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects;
- (4) Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts;
- (5) Individual retirement, 401(K), and Keogh accounts (even if withdrawal would result in a penalty). While an individual is employed, count only amounts the family can withdraw without retiring or terminating employment. After retiring or terminating employment, count as an asset any amount the employee elects to receive as a lump sum;
- (6) Annuity where the applicant has the option of withdrawing a balance (even if withdrawal would result in a penalty);
- (7) Retirement and pension funds;
- (8) Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy);
- (9) Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.;

- (10) Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, cash from sale of assets, victim's restitution, insurance settlements, and other amounts not intended as periodic payments;
- (11) Mortgages or deeds of trust held by an applicant; and
- (12) Assets disposed of for less than fair market value (e.g. property) when the fair market value of all assets given away during the past two years exceeds the gross amount received by more than \$1,000.

**ASSET EXCLUSIONS:**

- (1) Necessary personal property, except as noted in number 9 of Inclusions, such as clothing, furniture, cars, and vehicles specially equipped for persons with disabilities;
- (2) Interest in Indian trust lands;
- (3) Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset;
- (4) Equity in cooperatives in which the family lives;
- (5) Assets not accessible to and that provide no income for the applicant;
- (6) Term life insurance policies (i.e., where there is no cash value);
- (7) Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation;
- (8) Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce, or separation;
- (9) IRA, Keogh, and similar retirement savings accounts where benefits are being received through periodic payments; or
- (10) Lump sum payments where the money is used for something that is not an asset— e.g. a car or a vacation or education.