



2010 Affordable Housing Initiative for Maine Islands

MaineHousing is making \$2 million in grant funding available from the proceeds of tax-exempt bonds issued by MaineHousing pursuant to the Maine Energy, Housing and Economic Recovery Program, 30-A M.R.S.A. c. 201, sub-c. 7-A (Part E Bonds) to finance the creation or substantial rehabilitation of affordable multi-family rental housing units located on Maine's island communities (the "Program").

Rental housing units must remain as rental housing for a minimum of 15 years before they can be converted to homeownership.

For purposes of this program, substantial rehabilitation is defined as the acquisition and rehabilitation of an existing structure in which the cost of the rehabilitation (as determined by MaineHousing) averages at least \$25,000 per unit.

The amount awarded to the development will be the lesser of the amount necessary to achieve feasibility or the per unit limitations outlined in this offering.

Applicants must comply with all of the requirements of the Rental Loan Program not specifically addressed in this document. The Rental Loan Program Guide can be found at MaineHousing's website www.mainehousing.org.

MaineHousing reserves the right to suspend or terminate the Program at any time and to cease processing any project application prior to issuing a financing commitment. MaineHousing is under no obligation to finance a project until a financing commitment has been issued by MaineHousing and accepted by the applicant in accordance with its terms.

MaineHousing reserves the right to award all, a portion, or none of the available subsidy amount during this offering of subsidy, depending on the quality and merits of the applications received.

Applications are available on MaineHousing's website at:

<http://www.mainehousing.org/HOUSINGDEVProgramsDetail.aspx?ProgramID=45>

Program Requirements

Application submission

Applications will be accepted on a first-come, first-served basis. Projects that have a valid Notice to Proceed or financing commitment from MaineHousing are not eligible to apply.

Maximum Grant amount

Up to \$400,000 per project

Grant Terms/Conditions

Funds disbursed under this program will be structured as non-interest bearing performance grants. Performance will be enforced through a forgivable note and a mortgage on the property. The MaineHousing mortgage will be in first lien position unless otherwise concurred to by MaineHousing in writing. MaineHousing will review requests for lien subordination on a case-by- case basis.

MaineHousing will not require repayment of the performance grant unless one of the following events occur prior to the end of 30 years: (a) a sale, transfer, or assignment of the property (except for a sale to a tenant for homeownership after 15 years); (b) the discontinuation of the intended public purpose; (c) a default under the MaineHousing documents.

Maximum Grant per unit

\$175,000. MaineHousing may in its discretion allow an organization to exceed this limit for a project with unusual and extreme costs.

Match Requirement

20% from non-MaineHousing sources (in-kind contributions allowable)

In-kind match contributions may be in the form of real property, professional services, labor, construction equipment and building materials.

Real property - the value of the donation for purposes of in-kind contributions shall be established by an independent licensed appraiser.

Professional services and labor – the value must be documented by an invoice showing the billing rate for the service, the number of hours and confirmation that the charges are forgiven.

Construction Equipment - the value of privately-owned construction equipment donated for construction may not exceed its fair rental value.

Building materials – the value of building materials may not exceed fair market value at the time of donation.

Affordability Requirements

Up to 120% of Area Median Income

Term of affordability is 30 years

Plans to convert any rental units to homeownership after 15 years require MaineHousing's prior approval.

Minimum Number of Units	Two
Site Control	Projects must have site control.
Eligible Islands	Projects must be located on one of the following islands: Chebeague, Cliff, Frenchboro, Great Cranberry, Isle au Haut, Islesboro, Islesford, Long, Matinicus, Monhegan, North Haven, Peaks, Swans, Vinalhaven

The following rules and guidelines apply: MaineHousing’s Rental Loan Program Guide (to the extent not in conflict with this Program Guide or as clarified below), Chapter 16 of MaineHousing’s Rules, Allocation of State Ceiling for Low-Income Housing Tax Credit (if applicable), and Chapter 29 of MaineHousing’s Rules, Multifamily Development and Supportive Housing Loans and Grants.

Fees	None – MaineHousing will waive the fees listed in the RLP Guide (Application Fee [\$1,000], the Commitment Fee [\$2000], and the Financing Fee [2% of loan amount]).
Environmental Review	A Phase 1 environmental assessment may be required if there is reason to believe an environmental issue may be present due to past uses of the site.
Loan Closing	Unless two closes are required by another funding source, MaineHousing will conduct one loan closing and funds will be escrowed and disbursed by MaineHousing during construction.
Market Studies	A formal assessment of market conditions must be submitted with each application. A formal market study per NCAHMA standards will not be required.
Appraisals	Appraisals will be required for amortizing debt from MaineHousing. Grant only requests will not require an appraisal.
Developer/Management capacity	The capacity of the current development team (including consultants) and the plan for property management must be acceptable to MaineHousing.
Income Certifications	Certifications of income eligibility will only be required at initial move-in.
Escrows	A tax/Insurance (if pay taxes) and a Replacement Reserve escrow will be established and funded at closing. An Operating Deficit Escrow will not be required.

Developer Cost Reimbursement	Reimbursement of actual developer staff/consultant costs up to a maximum of \$30,000 per project will be recognized as eligible project expenses.
Competitive Bidding	If a competitive bid process is not used, it must be approved by MaineHousing Construction Services (CS) staff and all project costs will be subject oversight by CS staff before final project approval.
AFR/Budget submissions	MaineHousing will require audited financial statements or formal operating budgets to be submitted only upon MaineHousing's request rather than automatically each year.
Rent to own after 15 years	MaineHousing does not have a "template" for how the logistics of such a policy would work, but will review and comment on draft policies.
Inducement Form	Needed only if MaineHousing will be providing amortizing debt.

Submission Requirements

The application must be mailed or hand-delivered to MaineHousing. MaineHousing's address is 353 Water Street, Augusta, Maine, 04330-4633. The application shall be complete and shall include the Rental Loan Program/Low Income Housing Tax Credit Application form (available at www.mainehousing.org), the Applicant Conflict of Interest Disclosure Form and a Request for Inducement tax-exempt debt and subsidy amounts (if the applicant is seeking amortizing debt).

Please contact Bill Glover in the Development Department at (207) 626-4634 if you have any questions or need additional information.

Maine State Housing Authority ("MaineHousing") does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability, or familial status in the admission or access to, or treatment or employment in, its programs, and activities. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice), 1-800-452-4603 (TTY in state only), or (207) 623-2985 (TTY).