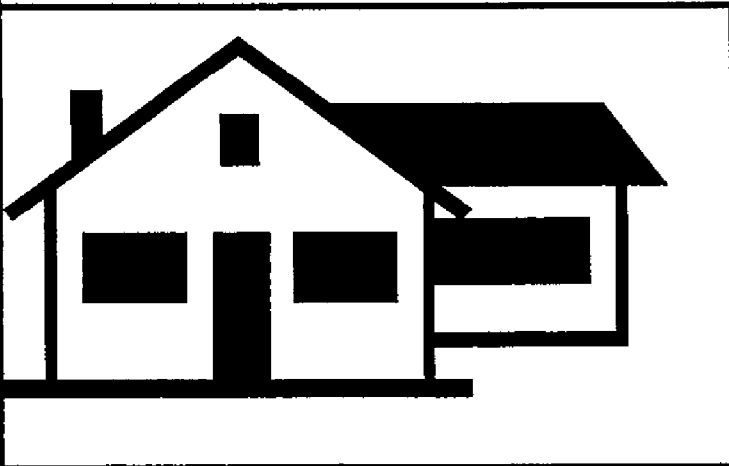


Supportive Housing Initiatives Program



Maine State Housing Authority



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SUPPORTIVE HOUSING INITIATIVES PROGRAM (SHIP)

PROGRAM GUIDE

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April 8, 1994

MSHA Supportive Housing Initiatives Program (SHIP)

I. INTRODUCTION AND OVERVIEW

Purpose and Goals

The Maine State Housing Authority (MSHA) is offering the SHIP program in order to strengthen its commitment to financing the development of residential programs for lower income people with supportive service or other special housing needs.

The program is designed to serve populations with special needs as identified in the State of Maine Comprehensive Housing Affordability Strategy (CHAS) for federal fiscal year 1994. The State views the provision of a continuum of long-term, affordable housing options with the availability of supportive services when needed as the primary strategy for meeting the needs of very low income Maine households with special needs. The State's goals include using its resources to encourage the development of housing that is affordable to households earning less than 30% of the median income in a given area and to provide services to facilitate independent living options, when appropriate.

The program provides low-interest, fixed-rate financing as well as additional subsidy, when available, to non-profit corporations. Funds may be used for the following: acquisition of buildings or property, rehabilitation, new construction, accessibility modifications, or any combination of these activities.

Eligible projects include, but are not limited to, transitional housing, group homes, emergency shelters, single room occupancy (SRO) residences, supported or independent apartments, or other group living and residential programs. A qualified 501(c)(3) non-profit borrower may provide homeownership opportunities through a leasehold arrangement.

Program goals include:

- * providing a flexible program to finance and respond to a variety of affordable residential opportunities for low and very-low income people with supportive service needs;
- * maximizing the continuous availability of program loan and subsidy resources;
- * matching available subsidy to appropriate projects;
- * allocating MSHA loans and subsidy in a timely, cost-effective manner in order to maximize affordability and benefit;

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Program goals (cont'd.)

- * leveraging other private and public, local, state and federal resources;
- * increasing involvement and capacity of non-profit developers in meeting critical housing needs of Maine; and
- * involving non-profit organizations, consumers, advocates, and other state agencies in the use and on-going evaluation and improvement of the program.

Applications for debt financing will be accepted on an on-going basis. The availability of subsidy will be advertised through a public notice. When available, subsidy will be offered on an on-going basis, subject to applicants meeting threshold program requirements and proposals achieving a minimum qualifying score on the Competitive Evaluation Criteria (see Section V below and Appendix F, attached). MSHA reserves the right to competitively evaluate proposals against each other through a Request for Proposals process.

A threshold requirement of all applicants is site control for a period of at least 120 days through an option or purchase and sale agreement.

At a minimum, MSHA will underwrite projects to insure:

- * minimum level of MSHA subsidy;
- * borrower credit worthiness;
- * reasonable development costs;
- * likelihood and availability of other sources of project financing;
- * financing of no more than 100% of Total Development Costs or 100% of appraised value, depending upon sources of funds;
- * adequate debt service coverage;
- * loan security; and
- * sufficient replacement and operating reserves.

MSHA Supportive Housing Initiatives Program (SHIP)

On-Going Program Evaluation by Applicants & MSHA

MSHA is seeking the on-going participation of borrowers, non-profit organizations, other State agencies, advocates and consumers in evaluating and improving the delivery of supportive housing financing under this program.

An Advisory Committee consisting of representatives from these stakeholder groups will be established and will meet on a regular basis with MSHA staff. The Committee will serve as the principle vehicle for input from residents, consumers and borrowers who are directly using or being affected by the program.

II. ELIGIBILITY

Applicants

To be eligible for assistance under the SHIP program, an applicant must:

- a. be a non-profit corporation organized in the State of Maine under Title 13-B of the Maine statutes or registered to do business in the State of Maine and qualify for tax exemption under Section 501(c)(3) of the Internal Revenue Code;
- b. have among its corporate purposes the construction, rehabilitation, ownership and/or operation of affordable housing;
- c. provide evidence of legal existence and authority and capacity to incur the liability of the financing;
- d. demonstrate capacity to deliver or contract with another agency to deliver appropriate services for the proposed resident population;
- e. provide evidence of credit worthiness, repayment ability, good credit standing and good record of financial management (when a newly-formed organization is the applicant, the history of each individual or sponsoring organization will be reviewed); and
- f. provide evidence of a qualified development team.

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There may be additional requirements in order for applicants to be eligible for specific subsidies, which, after public notification of availability, may be offered either on an on-going basis when available or through a Requests for Proposals. Additional requirements, depending on the source of subsidy, may include that the applicant:

- a. be designated as a Community Housing Development Organization (CHDO) by the Maine State Housing Authority; or
- b. be designated as a "Qualified Sponsor" by the Department of Mental Health and Mental Retardation, which certifies that the applicant has the requisite operational and management skills and capacity to operate the proposed housing project and to provide the required level of services to the client population intended to be served; or
- c. have license(s) from appropriate State agencies, if this is a requirement for State funding of operating costs.

Activities

Eligible activities include acquisition, improvement, construction, accessibility modifications, or any combination of these activities.

Housing and Facilities

The SHIP program is designed to respond to the financing needs of a wide range of housing options that cannot be accommodated in other MSHA programs. Examples might include special needs housing for consumers of mental health services and for people with development disabilities, transitional housing, group homes, boarding homes, emergency shelters, and limited-equity cooperatives for persons with supportive service needs. Projects will involve the provision of supportive services to residents by the applicant or other agencies and organizations in the local community.

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An eligible project is any residential housing project, including separate living units and group living arrangements, located in the State of Maine and intended for use by lower income residents who also require supportive services. Eligible projects may include a qualified 501(c)(3) non-profit borrower providing homeownership opportunities through a leasehold arrangement. For proposals involving the acquisition of projects which are to have separate and distinct living units containing separate and complete facilities for living, sleeping, eating, cooking and sanitation, the applicant may have to elect a specific low-income targeting option (i.e. 20% of the units/beds must be affordable to families at or below 50% of the area median income, adjusted for household size) in order to comply with applicable tax code restrictions.

Projects may contain non-residential uses but only if the proposed non-residential use is functionally related to and compatible with the residential component, subject to limitations on the amount of non-residential space. Commercial uses and any activity which will involve an unrelated trade or business income which violates the corporate charitable purposes of the applicant will not be eligible for MSHA financing.

III. DEBT FINANCING

One goal of the SHIP program is to maximize the amount of tax-exempt loan funds that a project can support under MSHA's underwriting criteria (see below). Tax-exempt financing for non-profit borrowers is a regularly available resource while subsidies such as State or Federal HOME program funds are limited relative to the demand.

Maximum/Minimum Loan Amounts

The maximum amount of SHIP loan funds that can be provided for any project is the lesser of the following: (1) the total development cost; or (2) 100% of the fair market value of the property, based on a qualified appraisal of the completed out-of-service value; or (3) \$500,000.

The minimum amount of any SHIP loan is \$25,000.

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Interest Rate

The interest rate will be determined by MSHA, and the rate will be published on a quarterly basis.

Term

SHIP loans have a 30-year term. There is a pre-payment penalty for loans paid off before 30 years.

Construction Financing

For projects involving minor modifications or rehabilitation, MSHA will originate and oversee an escrow account for the construction activities. For new construction and substantial rehabilitation, borrowers may be required to secure interim construction period financing from another source.

Financing Fee

A 1% financing fee will be charged at loan closing. The fee may be borrowed as part of the loan if the amount is supported by the appraised value.

Application Process

Applications for SHIP loans are accepted on an on-going basis and are reviewed as soon as they are received. However, because of limitations on the amount of bonds that MSHA may issue, MSHA reserves the right to discontinue accepting applications at any time.

Once an application for financing has been reviewed and deemed complete, MSHA will provide a loan decision within 45 days. At that time, a commitment letter, outlining all of the requirements for a loan closing, and accompanied by a loan closing requirements checklist, will be issued to the developer. Once all of the checklist requirements have been submitted, reviewed and approved by MSHA, a loan closing will be scheduled.

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SHIP applications can be utilized as either a complete, one-step application or as part of a two-step process. The purpose of the Preliminary Application is to provide MSHA with a Request for Inducement form and enough information for MSHA to suggest that the applicant proceed to an Application for Financing and/or change the nature of the proposed project. MSHA strongly recommends that applicants use the Preliminary Application and a subsequent project meeting with a MSHA loan officer to gain assistance in completing a successful final application. An invitation to proceed after submission of a Preliminary Application is not a commitment of MSHA financing.

A complete Application for Financing includes, among other items, evidence of site control; licenses or applications for same (if applicable); Owner's Tax Certification; identification and commitment of other sources of project financing; an appraisal of the out-of-service market value of the property; and rehabilitation or construction specifications with bids from qualified contractor(s). In some cases, MSHA may issue a financing commitment in order to leverage other sources of subsidy.

When the scope of building rehabilitation or construction is complex or State law requires it, MSHA will require that plans be developed by a licensed architect. All specifications will be reviewed and project sites will be inspected by MSHA's Technical Services staff, who also will develop a specification for projects that do not involve an architect. Appraisals should be ordered at the borrower's expense only after MSHA approves the rehabilitation or construction specification.

The following sequence is the typical process for developing a complete Application for Financing:

1. MSHA receives Preliminary Application and sets up meeting with applicant.
2. MSHA receives Application for Financing, including proposed scope of planned rehabilitation or new construction.
3. MSHA performs preliminary review for completeness, feasibility, and competitive subsidy scoring (if applicable), and notifies applicant of any additional required items.
4. MSHA notifies and solicits comments on proposed project from applicable State agency and municipal officials.
5. Applicant initiates tenant income certification process and MSHA completes or approves process, if applicable.
6. MSHA Technical Services staff visits site and either drafts specifications or reviews architect's plans.
7. MSHA approves building specifications and provides copy to owner for bidding purposes.

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8. MSHA notifies local code enforcement officer and provides a copy of specification for comment.
9. Applicant provides an appraisal which establishes the out-of-service value of the completed project.
10. Applicant provides selected-contractor bid(s).
11. MSHA performs final underwriting (including competitive ranking for subsidy award, if applicable), and makes decision on complete Application for Financing.

Closing Requirements

Financing commitment letters will include a checklist of loan closing documentation required prior to scheduling the construction loan closing (for new construction/substantial rehabilitation) or the "one-write" mortgage loan closing (for acquisition/minor rehab).

For projects involving a construction loan, there will be a second loan closing checklist issued for the permanent loan closing.

Samples of a typical checklist are available upon request from MSHA's Development Division.

IV. DEBT UNDERWRITING: THRESHOLD CRITERIA

Site Control

Applications for SHIP financing must have a signed purchase and sale or option agreement for the proposed site. Dates for acquisition of property must be a minimum of 120 days from the date of submitting an Application for Financing to MSHA; longer periods of time are advisable when possible. MSHA also encourages applicants to secure agreements that credit option payments or earnest money deposits toward reduction of the sales price.

Site control agreements should specifically allow entry to the site for the purposes of conducting an environmental review (if required), developing rehab or construction specifications, as well as allowing access to current residents should data collection be necessary to document compliance with low-income targeting requirements.

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Borrowers must provide evidence of securing all required land use approvals and all other federal, state and local permits and approvals required to proceed with acquisition, construction and/or rehab and operation of the supportive housing project.

Site Standards

A site will not be approved when the surroundings will detract excessively from the quality of development upon it, or when the development has/will have an adverse effect upon its surroundings. Existing neighborhood conditions shall be free of physical deterioration severe enough to compromise the viability of a development, free of natural conditions which present visual blight, free of nuisances from water pollution, noise and/or odor, and free of hazards from physical features which would detract from full use and enjoyment of the development.

Depending upon the source of funds, MSHA may require an Environmental Review of each site pursuant to federal regulation [24 CFR 92.352]. Such a review may reveal the need for special permits or specific work items to be undertaken on the project. It is possible that, based upon observations, MSHA may require a Phase I Environmental Survey prepared by a qualified professional to evaluate potential hazards.

Credit Test

As described in Section II above, eligible applicants will be evaluated in regard to financial and management credit worthiness and capacity. Credit tests will include the following:

- * Positive annual cash flow/working capital position of project;
- * Evidence of sufficient start-up capital;
- * Documentation supporting the reliability of income projections, including commitment letters, where applicable; and
- * Capacity and credit worthiness of the borrowing entity.

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Loan to Value Ratio

As described in Section III, Maximum/Minimum Loan Amount above, the maximum loan-to-value is the lower of the total development costs or 100% of the after-rehab, out-of-service appraisal. However, additional MSHA subsidy (see Section V below) may increase the total loan to value of combined debt and subsidy to a level in excess of 100% of the after-rehab, out-of-service value of the property, depending on the type of housing being proposed.

Debt Service Coverage

The operating budget must provide for a minimum of 110% debt service coverage in the net operating income (net income less operating and maintenance costs). MSHA may require higher debt service coverage when factors such as relatively weak borrower financial capacity or lower rates of projected occupancy, for example, are evaluated.

Replacement Reserve

A replacement reserve representing at least 1/2% of the mortgage amount will be established at the permanent loan closing. This money may be borrowed if the appraisal supports the amount required. Funds will be placed in a replacement reserve escrow that will be established prior to the loan closing.

An amount equivalent to at least the greater of 1% of the mortgage or 4% of the project's gross property income will be added on an annual basis through monthly payments to the replacement reserve.

Real Estate Taxes & Insurance

All properties will be underwritten reflecting full tax liability based upon certification by local municipal tax assessor of after-rehab valuation and mil rate.

Borrowers will be required to purchase a full year of property insurance and submit evidence of payment at loan closing. A copy of MSHA's current multi-family insurance requirements is attached as Appendix D. In the event that an applicant cannot meet these requirements for a proposed property, a case-by-case review will be made of the specific circumstances to determine whether a waiver can be granted by MSHA.

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The cost of a year of real estate taxes and property insurance should be calculated as part of the development uses of funds. A tax and insurance escrow will be funded at the loan closing in an amount which, together with subsequent monthly funding, will be adequate to pay taxes and insurance when due.

Appraisal

In order for an application to be complete, applicants must provide a Market Value appraisal that is prepared in accordance with MSHA's Standard Appraisal Guidelines (Appendix B).

Appraisals of group homes or other group living projects should be based upon an out-of-service value.

Appraisals should include values for both the pre- and post-rehab values of the property. A separate value for the land should be provided in the appraisal.

Security

MSHA permanent mortgage loans must be secured by a first lien on the land and improvements, a general assignment of leases, rents, contracts, etc. and a UCC security interest in all fixtures and personal property of the project. No other liens or security interests may encumber the project without the written consent of MSHA. MSHA may consider allowing total debt and subsidy to exceed 100% of after-rehab out-of-service value (see "Loan to Value Ratio" above).

All SHIP loans are recourse notes. However, if a non-profit creates a qualified non-profit entity for purposes of raising equity through use of the Low Income Housing Tax Credit, MSHA will consider providing non-recourse taxable financing. Please call MSHA's Development Division/Office of Non-Profit Housing if you are considering a project that will require taxable financing for use with the Low Income Housing Tax Credit.

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Evidence of Other Funding - Capital & Operating

Applicants must demonstrate evidence of commitments for all other sources of project financing, as necessary.

Commitment letters, service contracts, and other evidence of capital funding and project income should be provided with the Application for Financing. Such commitments will be reviewed by MSHA prior to loan closing.

At its sole discretion, MSHA may provide financing commitments conditional upon securing of other sources of funds.

Demand for Proposed Housing Project

Applicant must provide documentation satisfactory to MSHA which supports the demand for the proposed housing project. Documentation generally should include statistics that indicate market conditions, the level of demand for the particular type of housing proposed including a realistic accounting of the number of people currently not being served, and the anticipated length of time projected for full occupancy of the proposed housing.

Long Term Affordability Requirements

A minimum of 20% of the housing units/beds financed with SHIP funds must be affordable to households with incomes at or below 50% of the area median income, adjusted for family size.

Projects must maintain their low-income benefits for targeted units/beds for the remaining useful life of the project. The "remaining useful life" is the period during which the physical characteristics of the housing remain in a condition suitable for occupancy, as determined by MSHA, assuming normal maintenance and repairs are made, and that major systems and capital components are replaced when necessary. In no event can the useful life be determined to have expired due to the failure to make regular and reasonable repairs and replacement, as it becomes necessary.

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As part of its underwriting before making a loan decision, MSHA will examine the borrower's credit history, financial and management capacity, project financing, and proposed long term affordability structures in order to evaluate affordability. Some possible ways to insure long term affordability include, but are not limited to, community land trusts, affordable housing covenants, deed restrictions and junior mortgage re-sale limitations.

Compliance with the low income benefit requirement will be enforceable by MSHA through the execution of a Financial Assistance Agreement. The agreement will be recorded in the appropriate registry of deeds and its covenants and restrictions shall be considered covenants which run with the real estate and shall bind all subsequent owners.

Residents of targeted units/beds who are eligible at the time of their initial occupancy remain eligible even as their income increases; the project remains in compliance as long as the owner leases the next available targeted unit/bed of comparable size to a qualifying lower income household. However, other funding sources and subsidies used in the SHIP program may have other requirements. For example, projects that utilize Federal HOME Investment Partnership funds as a SHIP subsidy are required to raise rents to 30% of the household income when the family income reaches 80% or greater of the area median income.

V. SUBSIDY

The SHIP program provides subsidy to eligible projects as subsidy funds are available from a variety of sources. The purpose of the subsidy is to serve as a cost-effective investment in long-term affordable housing options in SHIP projects.

Depending upon the source of subsidy and program goals, MSHA subsidy may be provided as an interest rate subsidy or deferred or forgivable junior financing.

MSHA will announce the availability of subsidy, and funding decisions will be made as complete Applications for Financing are received and proposals attain the minimum score of 65 on the Competitive Evaluation Criteria. Awards of subsidy depend on the continuing availability of subsidy funds. MSHA also reserves the right to competitively evaluate proposals against each other through a Request for Proposals process.

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One of MSHA's goals is to maximize the impact of limited subsidies by maximizing both the amount of debt that a project can support and the leveraging of other sources of subsidy. Therefore, in order to access subsidy under the SHIP program, applicants also must apply for SHIP debt financing.

Maximum Subsidy Amount

The maximum subsidy amount is up to \$20,000 per targeted housing unit or up to \$10,000 per targeted bed, with a limit of \$60,000 of subsidy per project.

Application Process

1. Because MSHA intends to allocate various sources of subsidy (see below) to the SHIP program, applicants are advised to call MSHA's Development Division to find out about the availability of subsidy at any given time and the requirements that are particular to the allocation of the specific source of subsidy.
2. Complete the Preliminary Application and Application for Financing as outlined in Section III, Debt Financing above.
3. In addition, applications for subsidy will be scored using the "Competitive Evaluation Criteria" as described below and in Appendix F, attached. Any project which meets the threshold underwriting requirements for debt financing (see Section IV above) and has a score on the Competitive Evaluation Criteria above the minimum of 65 will be eligible for consideration of a commitment of both debt and subsidy financing.

The award of subsidy will be contingent upon availability of funds. Funding decisions will be made in the order that complete proposals are received. MSHA reserves the right to make awards in amounts smaller than requested in order to maximize access to subsidy by as many borrowers as possible.

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Subsidy Sources & Requirements

Each source of subsidy has different restrictions and requirements limiting its use. Furthermore, for any given source of subsidy, MSHA also may impose selection criteria in addition to the Competitive Selection Criteria described below. For example, in a particular round of subsidy, funding may be limited to developments providing residential opportunities to consumers of mental health services. Other subsidy sources may have no specific selection criteria in order to meet a wide variety of project needs. (See Appendix E attached for further descriptions of subsidy sources.)

Competitive Evaluation Criteria

In order to receive subsidy for the development of the proposed project, SHIP applications will be evaluated based on the Competitive Evaluation Criteria below. Those proposals with scores of 65 points or above will be eligible for subsidy funding as available. The applications will include scoring sheets for applicants to use to calculate their preliminary scores.

Projects will be evaluated and scored on the basis of information provided in the application, but MSHA reserves the right to request clarification or supplemental information, or to cease scoring applications which contain inadequate information. The following criteria will be applied:

1. Very Low Income Benefit - up to 30 points
2. Cost Effective Use of Subsidy - up to 30 points
3. Innovation - up to 10 points
4. Leverage of Other Resources - up to 20 points
5. Feasibility & Readiness - up to 10 points

(See Appendix F attached for further explanation of scoring, including examples.)

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VI. PROJECT MANAGEMENT & REPORTING REQUIREMENTS

The financial, physical and administrative management of projects financed through the SHIP program will be regularly reviewed by the Maine State Housing Authority for the duration of the financing and/or the required low-income-benefit period. MSHA's procedures, as well as the permanent financing commitment and mortgage loan documents, permit MSHA to monitor and preserve the financial viability of the project for the limited purpose of protecting its security interest. MSHA is also authorized to insure compliance with requirements of particular sources of subsidy.

No later than two weeks prior to the permanent loan closing, and annually thereafter, borrowers will be required to confirm the eligibility of tenants occupying targeted units and confirm compliance with rental restrictions.

Marketing must be done in accordance with the MSHA Affirmative Marketing Procedures as well as in compliance with Federal and State laws on Human Rights, Equal Opportunity and Fair Housing.

The project must continue to meet BOCA standards (see Section VIII below) throughout the low-income benefit period. MSHA will periodically inspect all units; annually review project financial reports (MSHA reserves the right to require audited financial statements); and review the activities of the borrower to assess compliance with subsidy regulations and requirements.

VII. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDO)

A special set-aside of Federal HOME Program funds is reserved for use by Community Housing Development Organizations (CHDOs). When Federal HOME Funds are used as a subsidy source in the SHIP program, applicants will be encouraged to seek CHDO designation from MSHA.

CHDOs are a specific type of non-profit organization defined exclusively for the Federal HOME Investment Partnership Program. CHDOs are certified by the Maine State Housing Authority (MSHA) and must be:

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- Developer, sponsor, or owner of HOME-assisted housing and have effective management control of projects;
- Organized under state or local laws and have at least one year of experience serving the community where HOME-assisted housing is proposed;
- Tax exempt under Section 501(C) of the Internal Revenue Code of 1986, as amended;
- Committed to provide decent housing that is affordable to low and moderate income persons;
- Organized with at least one-third of the governing board as low income persons, residents of low-income neighborhoods, or elected representatives of low-income neighborhood organizations.
- Capable of carrying out HOME-assisted activities with an experienced staff or experienced consultants;
- Organized to meet all other HOME regulatory requirements;
- Approved by MSHA.

Organizations wishing to receive more information on CHDO certification should contact MSHA's Development Division/Office of Non-Profit Housing.

VIII. CODE, DESIGN & CONSTRUCTION REQUIREMENTS

MSHA has adopted standards of design and construction to develop safe housing which will serve the needs of its inhabitants with as much quality as resources permit.

All work undertaken must minimally comply with the Building Officials and Code Administrators Standards (BOCA Codes) and National Fire Protection Associations Codes (NFPA).

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In addition, alterations of housing facilities that are to be made accessible pursuant to Section 504 of the Rehabilitation Act of 1973 must be done according to the Uniform Federal Accessibility Standards (UFAS). The Maine Human Rights Act, Title V applies to renovated buildings of 15 or more units with rehabilitation costs in excess of \$100,000. Pursuant to Maine State law and applicable Federal law, MSHA shall require that the proposal meet all accessibility and adaptability requirements and be reviewed for such compliance by the State Fire Marshal's Office.

Other codes and requirements such as the State Department of Health Engineering water quality standards, State Energy Efficient Building Standards and Maine Water Conservation Rule must be complied with, as necessary.

MSHA's Director of Technical Services will act as the final authority when interpreting any codes or standards for MSHA-financed properties.

IX. RELOCATION POLICY

All projects financed with MSHA funds must comply with MSHA's Relocation Policy, attached as Appendix C.

X. NON-DISCRIMINATION & COMPLIANCE WITH STATE, FEDERAL LAW

The Maine State Housing Authority (MSHA) does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and activities. MSHA will provide special communication assistance to persons with vision or hearing impairments. MSHA has designated the following persons as responsible for coordinating compliance with the nondiscrimination requirements contained in the Department of Housing and Urban Development's (HUD) regulations implementing Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8, June 2, 1988:

Alyson B. Cummings, Counsel, and
Susan D. Crawford, Director of Consumer Affairs
Maine State Housing Authority
353 Water Street, P.O. Box 2669
Augusta, Maine 04338-2669

Telephone (207) 626-4600 or 1-800-452-4668 (voice) or 1-800-452-4603 (TDD)

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Applicants are cautioned to be aware of the potential applicability of provisions of the Maine Human Rights Act and federal Fair Housing legislation and Section 504 to any housing proposed for funding. Procedures for selection of residents, conditions of residency, and rules regarding termination may fall within the scope of this legislation, which applies to all providers of housing. Providers must make reasonable accommodations of rules, policies, and procedures and may be required to allow reasonable structural modifications of buildings to be made, if necessary, to allow an individual with disabilities equal access to housing.

XI. OTHER MSHA RESOURCES FOR NON-PROFIT DEVELOPERS

MSHA's Development Division/Office of Non-Profit Housing offers other technical assistance and financial resources that may assist non-profit developers in providing affordable housing opportunities under the SHIP program.

Non-profit applicants are encouraged to contact MSHA's Development Division/Office of Non-Profit Housing (at 1-800 452-4668 or (207) 626-4600 or 1-800 452-4603 [TDD]) for information on availability and program requirements of resources described below.

These resources include:

Technical Assistance for Non-Profit Developers

MSHA's Development Division/Office of Non-Profit Housing provides technical and organizational assistance to non-profit development organizations who are or are seeking to qualify as Community Housing Development Organizations (CHDO; see Section VII above).

Assistance can be provided in organizational issues such as identification of housing objectives and strategic planning; board training and qualifying as a CHDO. Technical assistance is available in developing a project financial analysis, identifying sources of project financing and completing financing applications, hiring and coordination of the development team, identifying and searching for sites, etc.

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Pre-Development Loans

The Maine State Housing Authority offers pre-development loan financing to non-profit developers through two programs.

In connection with providing permanent financing under the Consumer Residential Opportunities Program to establish housing for consumers of mental health services, MSHA offers short-term, 0% interest pre-development loans to non-profit developers to cover costs associated with applying for MSHA financing and developing eligible projects. Applicants can borrow \$3,000 per bed or unit, up to a maximum of \$30,000 per project, subject to the availability of funds. Up to 30% of the loan amount may be spent to pay staff, consultants, or for other project management expenses.

A Pre-Development Loan Fund was established in 1990 under the Land Acquisition Program. Non-profit borrowers may apply for pre-development loans for the lower of \$2,500 per unit or bed or up to \$40,000 per project, subject to the availability of funds. Pre-development loans are interest-free loans to cover mortgageable pre-development costs of non-profit developers who are securing site control, applying for project approvals and preparing financing applications for housing development projects which insure affordability for lower income residents of Maine. Up to 30% of the loan amount may be spent to pay staff, consultants, or for other project management expenses.

Applicants for pre-development loans are encouraged to contact MSHA's Development Division/Office of Non-Profit Housing for questions concerning the requirements of the programs and to discuss the proposed project before submitting a funding application.

MSHA Supportive Housing Initiatives Program (SHIP)

Land Acquisition Program (LAP)

The Land Acquisition Loan Fund is a revolving loan fund to provide for the land acquisition capital needs of non-profit housing developers. Funds may be used for both land and "minor capital improvements", which is defined as on-site infrastructure required for affordable housing (i.e. roads, septic/sewer, water/well, etc.). Low interest loans can be provided on an interim or permanent basis for affordable housing serving the homeless as well as lower and moderate income households. Within the broad objective of providing affordable housing, the Land Acquisition Loan Fund is administered with sufficient flexibility to respond to the unique and various housing needs of communities throughout Maine.

The maximum loan amount is the lesser of the appraised value of the land and "minor capital improvements" or \$250,000 per project. Applications are reviewed on an on-going basis. Funds may be awarded when (1) all the information requested by MSHA is complete; (2) the project meets threshold eligibility requirements and initial feasibility analysis suggests that a project has a reasonable chance of success; and (3) the project is competitive based on selection criteria.

Low Income Housing Tax Credit

The Low Income Housing Tax Credit (LIHTC) can be used to assist non-profit developers in raising project equity from individual, corporate or public fund investors for investment in qualified affordable rental housing.

Section 42 of the Internal Revenue Code, as amended, provides a dollar for dollar reduction of federal tax liability through the LIHTC. This credit, once allocated, is received each year for 10 years by owners of qualified low income rental housing (for purposes of the LIHTC, limited equity cooperatives also are considered eligible rental housing). The credit must be allocated to the project by MSHA no later than December 31 of the year the project is placed in service by the taxpayer.

The credit is intended to return 30% of the non-land acquisition costs and either 30% or 70% (depending upon the source of financing) of construction costs over the 10 year period. In return, units must remain rent-restricted for at least 15 years.

MSHA Supportive Housing Initiatives Program (SHIP)

Non-profit developers must form "qualified non-profit" entities in order to participate in a limited partnership that is organized for the purposes of tax credit equity investment. Eligibility for benefits of the tax credit program to non-profits acting in a partnership owning real estate is narrowly defined. Due to the intricacies of the LIHTC and the lack of detailed Treasury regulations, developers are strongly encouraged to consult a qualified legal and/or tax advisor on the use of this resource.

The State of Maine receives an annual reservation of LIHTC authority and MSHA is the designated allocating agency.

Production Incentive Program (PIP)

MSHA has developed a Production Incentive Program (PIP) for Community Housing Development Organizations (CHDOs; see Section VII above). The PIP program provides CHDOs with \$2,000 for every unit (\$1,000 for each bed in group living developments) of low-income housing they produce and which MSHA finances any part of. The purpose of the program is to help CHDOs gain independent financial resources for the future costs of on-going housing development (including, but not limited to, staff salaries and training; fees for professional services, option payments or earnest money deposits for purchase and sale contracts, etc.). CHDOs may earn up to \$30,000 of PIP funds over a 2-year period, depending upon availability of funds.

For more information, please contact MSHA's Development Division/Office of Non-Profit Housing.

Municipal Infrastructure Program

The Municipal Infrastructure Program is one of the programs established by MSHA in response to voter approval of a \$15 million general obligation bond issue to provide funds to communities to pay for municipally-owned infrastructure which is related to development of affordable housing. A non-profit developer seeking SHIP financing may work in conjunction with a municipality to access this resource.

	based on bedroom size Affordable Gross Rents 30% of Median Income					based on bedroom size Affordable Gross Rents 40% of Median Income					based on bedroom size Affordable Gross Rents 50% of Median Income					based on bedroom size Affordable Gross Rents 60% of Median Income				
	OBR	1BR	2BR	3BR	4BR	OBR	1BR	2BR	3BR	4BR	OBR	1BR	2BR	3BR	4BR	OBR	1BR	2BR	3BR	4BR
Androscoggin Non-MSA	176	189	226	261	292	235	252	301	349	389	294	314	376	436	486	353	377	452	523	584
Lewiston-Auburn MSA	174	187	224	259	289	232	249	299	346	385	290	311	374	432	481	348	374	449	518	578
Aroostook	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Cumberland Non-MSA	189	203	243	281	314	252	270	324	375	418	315	338	405	468	523	378	405	486	562	627
Portland MSA	224	240	287	332	371	298	320	383	443	494	373	399	479	554	618	447	479	575	665	741
Franklin	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Hancock	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Kennebec	182	195	234	271	302	243	261	312	361	403	304	326	390	451	504	365	391	468	542	605
Knox	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Lincoln	176	189	226	261	292	235	252	301	349	389	294	314	376	436	486	353	377	452	523	584
Oxford	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Penobscot Non-MSA	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Bangor MSA	185	196	237	274	305	246	264	316	365	407	308	329	395	456	509	369	395	474	548	611
Piscataquis	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Sagadahoc	196	210	252	291	325	261	280	336	388	433	326	349	420	485	541	392	419	504	582	650
Somerset	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Waldo	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
Washington	167	179	215	248	277	223	239	286	331	369	279	298	358	413	461	335	358	429	496	554
York Non-MSA	197	211	253	293	328	263	282	337	390	435	329	352	421	488	544	395	422	506	585	653
Portsmouth-Dover Rochester MSA	220	236	283	311	365	293	314	377	415	486	366	393	471	519	608	440	471	566	623	729

30% of Median Income	1	2	3	4	5	6	7	8
Androscoggin Non-MSA	7,050	8,040	9,030	10,050	10,860	11,670	12,450	13,260
Lewiston-Auburn MSA	6,960	7,980	8,970	9,960	10,770	11,550	12,360	13,140
Aroostook	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Cumberland Non-MSA	7,560	8,640	9,720	10,800	11,670	12,540	13,380	14,250
Portland MSA	8,940	10,230	11,490	12,780	13,800	14,820	15,840	16,860
Franklin	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Hancock	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Kennebec	7,290	8,340	9,360	10,410	11,250	12,090	12,900	13,740
Knox	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Lincoln	7,050	8,040	9,030	10,050	10,860	11,670	12,450	13,260
Oxford	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Penobscot Non-MSA	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Bangor MSA	7,380	8,430	9,480	10,530	11,370	12,210	13,050	13,890
Piscataquis	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Sagadahoc	7,830	8,940	10,080	11,190	12,090	12,990	13,890	14,760
Somerset	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Waldo	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
Washington	6,690	7,620	8,580	9,540	10,290	11,070	11,820	12,600
York Non-MSA	7,890	9,000	10,110	11,250	12,150	13,050	13,950	14,850
Portsmouth-Dover Rochester MSA	8,790	10,050	11,310	11,310	13,590	14,580	15,600	16,590

40% of Median Income	1	2	3	4	5	6	7	8
Androscoggin Non-MSA	9,400	10,720	12,040	13,400	14,480	15,560	16,600	17,680
Lewiston-Auburn MSA	9,280	10,640	11,960	13,280	14,360	15,400	16,480	17,520
Aroostook	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Cumberland Non-MSA	10,080	11,520	12,960	14,400	15,560	16,720	17,840	19,000
Portland MSA	11,920	13,640	15,320	17,040	18,400	19,760	21,120	22,480
Franklin	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Hancock	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Kennebec	9,720	11,120	12,480	13,880	15,000	16,120	17,200	18,320
Knox	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Lincoln	9,400	10,720	12,040	13,400	14,480	15,560	16,600	17,680
Oxford	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Penobscot Non-MSA	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Bangor MSA	9,840	11,240	12,640	14,040	15,160	16,280	17,400	18,520
Piscataquis	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Sagadahoc	10,440	11,920	13,440	14,920	16,120	17,320	18,520	19,680
Somerset	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Waldo	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
Washington	8,920	10,160	11,440	12,720	13,720	14,760	15,760	16,800
York Non-MSA	10,520	12,000	13,480	15,000	16,200	17,400	18,600	19,800
Portsmouth-Dover Rochester MSA	11,720	13,400	15,080	15,080	18,120	19,440	20,800	22,120

INCOME BY FAMILY SIZE

APPENDIX A

50% of Median Income	1	2	3	4	5	6	7	8
Androscoggin Non-MSA	11,750	13,400	15,050	16,750	18,100	19,450	20,750	22,100
Lewiston-Auburn MSA	11,600	13,300	14,950	16,600	17,950	19,250	20,600	21,900
Aroostook	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Cumberland Non-MSA	12,600	14,400	16,200	18,000	19,450	20,900	22,300	23,750
Portland MSA	14,900	17,050	19,150	21,300	23,000	24,700	26,400	28,100
Franklin	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Hancock	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Kennebec	12,150	13,900	15,600	17,350	18,750	20,150	21,500	22,900
Knox	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Lincoln	11,750	13,400	15,050	16,750	18,100	19,450	20,750	22,100
Oxford	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Penobscot Non-MSA	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Bangor MSA	12,300	14,050	15,800	17,550	18,950	20,350	21,750	23,150
Piscataquis	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Sagadahoc	13,050	14,900	16,800	18,650	20,150	21,650	23,150	24,600
Somerset	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Waldo	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
Washington	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
York Non-MSA	13,150	15,000	16,850	18,750	20,250	21,750	23,250	24,750
Portsmouth-Dover Rochester MSA	14,650	16,750	18,850	18,850	22,650	24,300	26,000	27,650

60% of Median Income	1	2	3	4	5	6	7	8
Androscoggin Non-MSA	14,100	16,080	18,060	20,100	21,720	23,340	24,900	26,520
Lewiston-Auburn MSA	13,920	15,960	17,940	19,920	21,540	23,100	24,720	26,280
Aroostook	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Cumberland Non-MSA	15,120	17,280	19,440	21,600	23,340	25,080	26,760	28,500
Portland MSA	17,880	20,460	22,980	25,560	27,600	29,640	31,680	33,720
Franklin	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Hancock	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Kennebec	14,580	16,680	18,720	20,820	22,500	24,180	25,800	27,480
Knox	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Lincoln	14,100	16,080	18,060	20,100	21,720	23,340	24,900	26,520
Oxford	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Penobscot Non-MSA	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Bangor MSA	14,760	16,860	18,960	21,060	22,740	24,420	26,100	27,780
Piscataquis	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Sagadahoc	15,660	17,880	20,160	22,380	24,180	25,980	27,780	29,520
Somerset	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Waldo	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
Washington	13,380	15,240	17,160	19,080	20,580	22,140	23,640	25,200
York Non-MSA	15,780	18,000	20,220	22,500	24,300	26,100	27,900	29,700
Portsmouth-Dover Rochester MSA	17,580	20,100	22,620	22,620	27,180	29,160	31,200	33,180

**MAINE STATE HOUSING AUTHORITY
GENERAL APPRAISAL GUIDELINES**

- I. All appraisals of real property prepared for the Maine State Housing Authority, whether narrative or form reports, are to be prepared in conformity with the Uniform Standards of Professional Appraisal Practice and additional standards and conditions applicable to appraisals prepared for the MSHA, including pertinent program restrictions, construction standards, and handicap accessibility guidelines. In general, the following standards apply:
 1. Transmittal letters include a summary of salient facts and value conclusions.
 - A. Indicates nature of appraisal assignment and value to be estimated.
 - B. Provides effective date of appraisal, and appraisal reports.
 2. Project visual descriptions.
 - A. Original color photographs are required for both the subject and all comparables.
 - B. Site plans and unit layout graphics.
 3. Disclosures, assumptions, and limiting conditions.
 - A. All explanations of unusual assumptions, market conditions, and conditions which change the "as is" market value to "discount" or "fair" value in a fluctuating market.
 4. Explanation of "statement of purpose" which includes Real Estate and Real Property interest being appraised.
 5. Description of improvements as proposed or existing.
 6. Zoning and Ad Valorem tax data.
 7. Neighborhood and site analysis.
 8. Statement of Highest and Best use.
 9. Calculation of Remaining Economic Life of proposed or existing property.
 10. Provide cost, sales, and income approaches to value or provide an explanation of their lack of applicability.
 11. Value conclusion of the entire property with separate indications of value for land and buildings.
 12. Certification.
 13. Addendum.

II. Additional criteria:

1. Unless otherwise directed by the MSHA, the value estimate should be "as is" market value. To determine market value, the market rent for all units will need to be ascertained and used in the calculation of market value. The restricted rents under the Rental Loan Program should not be used in the determination of value. If rehab is to be performed, the appraised value should reflect the property's after-rehab value. A clear and complete explanation must be provided if this is not utilized.
2. Analyze and report prior sales of the subject property within the last 3 years.
3. A comment must be made on all easements, hazardous substances, or other environmental concerns including such items as underground oil tanks, asbestos, and lead based paint.
4. Provide an outline of deed restrictions or covenants.
5. In the Cost Approach, the source of cost data must be identified, land values justified, and accrued depreciation estimates must be explained.

III. Market data:

1. Any gross adjustments for individual comparables greater than 25% must be justified.
2. Comparables should be no more than six (6) months old. If older, an explanation must be provided with a comment on applicability of time adjustments.
3. An area map indicating the location of each comparable.
4. A reduced unit plan, site plan, and project specification sheet should be provided if the property is not completely described in the report.
5. Market data should include summary of trends in the area rental market, including absorption rates, vacancy, supply/demand factors, and competition in the local market.

IV. Age of Appraisal

1. The effective date of the appraisal should be no more than six (6) months old.
2. All appraisals must be updated if greater than six (6) months old. This update must include the following:
 - A. Certification of value from the original appraiser.
 - B. Recent comparables.
 - C. Description of current market trends.

MAINE STATE HOUSING AUTHORITY

Displacement and Relocation Assistance Policy
for Federal HOME-Assisted Projects

This policy describes the goals and procedures with respect to tenant displacement and relocation that must be followed by project owners who receive Federal HOME funds.

Minimizing Displacement. Any project owner that is a recipient of Federal HOME funds must take all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of rehabilitation or rent increases. To the extent feasible, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling unit in the building or complex upon completion of the project.

NOTE THAT THE FOLLOWING REQUIREMENTS APPLY TO ALL THE OCCUPANTS OF A PROJECT/SITE FOR WHICH HOME ASSISTANCE IS SOUGHT EVEN IF LESS THAN 100% OF THE UNITS ARE HOME ASSISTED.

Temporary Tenant Relocation. The following policies cover residential tenants who will not be required to move permanently but who must relocate temporarily for the project. The project owner must provide such tenants the following:

- (1) Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent/utility costs.
- (2) Appropriate advisory services, including reasonable advance written notice of:
 - (a) the date and approximate duration of the temporary relocation;
 - (b) the location of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period;
 - (c) the terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling in the building/complex upon completion of the project; and
 - (d) the provisions for reimbursement of expenses and increased costs specified in Paragraph (1) above.

Relocation Assistance for Displaced Persons. The following policies apply to relocation assistance for displaced persons.

A displaced person is any person (family, individual, business, nonprofit organization, or farm) that moves from real property or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition for a project assisted with Federal HOME funds. This includes any permanent, involuntary move from an assisted project, including any permanent move from the real property that is made:

- (1) After notice by the owner to move permanently from the property, if the move occurs on or after the owner submits an application to MSHA, if the applicant has site control and the application is later approved; or
- (2) BEFORE the date described in paragraph (1) IF MSHA determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the project; or
- (3) By a tenant-occupant of a dwelling unit, if any one of the following three situations occurs:
 - (a) The tenant moves after execution of the agreement covering the acquisition, rehabilitation, or demolition and the move occurs before the tenant is provided written notice offering the tenant the opportunity to lease and occupy a suitable, decent, safe, and sanitary dwelling in the same building/complex upon completion of the project under reasonable terms and conditions. Such reasonable terms and conditions must include a term of at least one year at a monthly rent and estimated average monthly utility costs that do not exceed the greater of
 - (i) The tenant's monthly rent before such agreement of estimated average monthly utility costs; or
 - (ii) The total tenant payment, as determined under the Federal Section 8 regulations if the tenant is low-income, or 30 percent of gross household income if the tenant is not low-income; or
 - (b) The tenant is required to relocate temporarily, does not return to the building/complex, and either
 - (i) The tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation; or
 - (ii) Other conditions of the temporary relocation are not reasonable; or

- (c) The tenant is required to move to another dwelling unit in the same building/complex but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move, or other conditions of the move are not reasonable.

A person does not qualified as displaced person if:

- (1) The person has been evicted for cause based upon a serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable federal, state or local law, or other good cause, and MSHA determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance. The effective date of any termination or refusal to renew must be preceded by at least 30 days advance written notice to the tenant specifying the grounds for the action.
- (2) The person moved into the property after the submission of the application but, before signing a lease and commencing occupancy, was provided written notice of the project, its possible impact on the person (e.g., that the person might be displaced, temporarily relocated, or incur a rent increase), and the fact that the person would not qualify as a "displaced person" (or for any assistance under this section) as a result of the project;
- (3) The person is ineligible under the Uniform Relocation Act regulations (see Appendix A for examples of ineligible persons); or
- (4) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

Community Development Block Grant Funds. If Community Development Block Grant funds are used to pay part of the cost of a HOME project other than general planning and administrative costs eligible under 24 CFR 570.205 and 570.206, or optional relocation costs eligible under 24 CFR 570.201(i)(2), the project is also subject to the requirements of the Housing and Community Development Act of 1974.

Appeals. A person who disagrees with MSHA's determination concerning whether the person qualifies as a *displaced person*, or the amount of relocation assistance for which the person may be eligible, may file a written appeal of that determination with MSHA. A low-income person who is dissatisfied with MSHA's determination on his or her appeal may submit a written request for review of that determination to the HUD Field Office in Manchester, New Hampshire.

Cost of Relocation Assistance. Relocation assistance is an owner obligation, however, the cost of required relocation assistance is an eligible project cost.

Appendix A

Persons Not Displaced Under the Uniform Relocation Act Regulations (49 CFR 24.2(g)(2))

The following is a nonexclusive listing of person who do not qualify as displaced persons under the Uniform Relocation Act:

- (1) A person who moves before the initiation of negotiations (i.e., the execution of the agreement covering the acquisition, rehabilitation, or demolition), unless MSHA determines that the person was displaced as a direct result of the program or project; or
- (2) A person who initially enters into occupancy of the property after the date of its acquisition for the project; or
- (3) A person who has occupied the property for the purpose of obtaining assistance under the Uniform Act; or
- (4) A person who is not required to relocate permanently as a direct result of a project. Such determination shall be made by MSHA in accordance with any guidelines established by the Federal agency funding the project; or
- (5) A person whom MSHA determines is not displaced as a direct result of a partial acquisition; or
- (6) A person who is determined to be in unlawful occupancy prior to the initiation of negotiations, or a person who has been evicted for cause, under applicable law.

APPENDIX D

MAINE STATE HOUSING AUTHORITY

Multi-Family Insurance Requirements

Property: Must be insured at replacement cost, with an agreed amount endorsement suspending any co-insurance clause.

Liability: Broad form comprehensive general liability at a minimum of \$1 million per occurrence.

Rental Income: Limit must be equal to 100% gross annual income at full occupancy level.

Deductible: Shall not exceed \$1,000 for any one loss.

Mortgagee: MSHA shall be named as Mortgagee.

Boiler and Machinery Insurance: Required if development has fired pressure vessels for heating and/or hot water service:

Direct damage limit: \$100,000 minimum any one accident
Deductible - maximum of \$1,000 per loss
Use and Occupancy Deductible: 24 hours

Flood Insurance: As required by the National Flood Insurance Program.

Insurers must hold a Certificate of Authority to do business in the State of Maine, issued pursuant to Chapter 5 of the Maine Insurance Code (Title 24A, MRSA) and must be acceptable to the Authority.

An original or certified copy of the insurance policy shall be furnished to the Authority.

An endorsement stating that the Authority will be notified in writing at P. O. Box 2669, Augusta, Maine 04338-2669, at least 120 days in advance of a policy being canceled, materially changed or not renewed.

The Developer must agree to do all things reasonable and prudent to minimize exposure of the property and occupants thereon from all known hazards and perils, promptly notify the insurer and the Authority of the occurrence of any loss or injury, and in the event of any loss or injury, protect the property and occupants from any further damage or harm.

APPENDIX E

FOLLOWING ARE BRIEF DESCRIPTIONS OF CURRENTLY AVAILABLE SUBSIDY SOURCES. SUBJECT TO BUDGETING CONSIDERATIONS, THE SHIP PROGRAM MAY, FROM TIME TO TIME, ACCESS ANY OR ALL SOURCES LISTED. HOWEVER, THE LIST IS SUBJECT TO CHANGE. MSHA WILL PROVIDE UPDATED INFORMATION ON A PERIODIC BASIS.

Further information on requirements and additional selection criteria will be provided as subsidy sources are made available.

Federal HOME Funds: are allocated on an annual basis to MSHA from the U.S. Department of Housing & Urban Development. To gain access to fed HOME subsidy under the SHIP program, applicants will be strongly encouraged to seek designation by MSHA as a Community Housing Development Organization (CHDO). Additional requirements of fed HOME funds include local training and affirmative hiring of women- and minority-owned contractors and consultants.

State HOME Funds: are allocated to MSHA annually based on a percentage of the state's real estate transfer tax.

Consumer Residential Opportunity Program (CROP): was established by MSHA in response to voter approval of a \$4 million general obligation bond issue to provide funds to finance the acquisition, construction and rehabilitation of residential facilities for persons with mental illness in the State. CROP subsidy funds are available for such housing developments under the SHIP program, subject to compliance with the requirements of the CROP program.

APPENDIX F

MAINE STATE HOUSING AUTHORITY Supportive Housing Initiatives Program (SHIP)

COMPETITIVE EVALUATION CRITERIA

SHIP applications that request subsidy will be evaluated based on the Competitive Evaluation Criteria below. Those proposals with scores of 65 points or above will be eligible for subsidy funding as available.

It is the applicant's responsibility to provide information in the Application for Financing or as requested by MSHA in order to demonstrate the project's eligibility for points under the five criteria below. Applicants are encouraged to use the Application worksheets to score and self-evaluate the project before submitting the Application for Financing. Questions concerning the following criteria can be directed to MSHA's Development Division/Office of Non-Profit Housing at 1-800 452-4668 (voice) or 1-800 452-4603 (tdd).

1. Very Low Income Benefit - up to 30 points

This measures the extent to which affordability levels exceed the minimum requirements. Points will be awarded to all rental or cooperative units affordable to households below 60% of the area median income, adjusted for household size. Proposals may exceed the minimum requirements in the level of affordability (i.e. below 50% of median) and/or in the percentage of project units which are targeted. 100% of the points can be earned for projects where 100% of the units are affordable to households with incomes at or below 30% of the area median, adjusted for household size.

Points are awarded by multiplying the percentage of project units at a given level of affordability (below 60% of median) by the "Affordability Bonus Rating" of the unit.

"Affordability Bonus Rating" is 30 for units at 30% of median and decreases by 1 points for each percentage point of decreasing affordability. Some sample values are demonstrated below:

Affordability of Unit as a % of Median Income	Affordability Bonus Rating
30%	30
35%	25
40%	20
45%	15
50%	10
55%	5
60%	0

Example #1: 20% of the project is affordable to households with incomes at 40% of median, adjusted for household size.

$$.2 (\% \text{ of units}) \times 20 (\text{Affordability Bonus Rating}) = 4 \text{ points}$$

Example #2: 50% of the project is affordable to households at 36% of median while another 25% of the units are affordable to households at 25% of median.

$$\begin{aligned} [.5 \times 24] + [.25 \times 30] &= 12 + 7.5 \\ &= 19.5 \text{ points} \end{aligned}$$

2. Cost Effective Use of Subsidy - up to 30 points

Proposals will be evaluated on the basis of the amount of subsidy per targeted unit. The level of affordability and the amount of subsidy will be part of the formula as follows:

$$\begin{aligned} \text{Adjusted Level of Subsidy per Assisted Unit} = \\ [\text{Average Subsidy per Assisted Unit}] \times \\ [\text{Average Affordability Factor per Assisted Unit}] \end{aligned}$$

The "Average Affordability Factor" is determined by averaging the level of affordability of all targeted units (at or below 50% of median income) and dividing this percentage by 50% (or .5). Some sample values are included below.

Median Income (average of targeted units)	Average Affordability Factor
50%	1.0
40%	.8
30%	.6

To calculate the points under this criterium, calculate the "Adjusted Level of Subsidy per Unit" (by multiplying the "Average Affordability Factor" above by the average amount of subsidy per targeted unit) and refer to the scoring scale below.

SCORING

Adjusted Level of Subsidy Per Unit	Points
\$5,000 or less	30
5,001 to 7,500	20
7,501 to 12,000	10

Example #1: To determine the "Average Affordability Factor" of a project where 2 of 10 units are affordable to households at 50% of median and 6 of the remaining units are affordable to households at 40% of median, the following calculations are made:

$$[(2 \times .5) + (6 \times .4)] \text{ divided by } 8 \text{ units} = 3.4 \text{ divided by } 8$$

$$= .425 \text{ or } 42.5\% \text{ of Median Inc}$$

$$\begin{aligned} \text{Average Affordability Factor} &= .425 \text{ divided by } .5 \\ &= .85 \end{aligned}$$

Assume that the total amount of subsidy for the project was \$60,000. To calculate the "Adjusted Level of Subsidy per Unit", multiply the "Average Affordability Factor" by the total subsidy amount and divide by the number of targeted units (at or below 50% of median income).

$$\begin{aligned} \text{Adjusted Subsidy Level} &= (.85 \times \$60,000) \text{ divided by } 8 \text{ units} \\ &= \$51,000 \text{ divided by } 8 \\ &= \$6,375 \end{aligned}$$

$$\$6,375 \text{ of Adjusted Level of Subsidy per unit} = 20 \text{ points}$$

Example #2: A non-profit decides to develop 2 units @ 50% of median and 1 unit @ 30% of median. To calculate the Average Affordability Factor divide .433 by .5 = .867. Assume that the total amount of subsidy is \$35,000. Calculate the Adjusted Level of Subsidy per unit by multiplying .867 X \$35,000 and dividing by 3 = \$10,111. Referring to the scoring scale above, this amount of subsidy would score 10 points.

3. Innovation - up to 10 points

The extent to which innovations described below are present and they are models for other affordable housing:

- use of non-MSHA financing/subsidy sources
- energy conservation and alternative energy sources beyond minimums of State Energy Standards
- financial
- design
- provision of services and training
- use of tax credits
- utilization of community support, especially municipal support
- other

4. Leverage of Other Resources - up to 20 points

The extent to which the applicant has secured other sources of capital subsidy and operating income. This includes both financial resources as well as in-kind donations of service and volunteer construction labor that are considered either project equity or grants.

Projects will be scored by creating a percentage by dividing the leveraged equity or grants by the proposed SHIP subsidy and multiplying this percentage by 20. The maximum percentage is 100%.

Example #1: Leveraged sources include a \$5,000 donation of lumber, in-kind legal services valued at \$2,000 and a church donations totalling \$6,000. The proposed SHIP subsidy amount is \$20,000.

$$\frac{5,000 + 2,000 + 6,000}{20,000} \times 20 = \frac{13,000}{20,000} \times 20$$
$$= 13 \text{ points}$$

Example #2: A 10-bed teenage transitional home receives a \$40,000 Community Development Block Grant plus a \$25,000 Affordable Housing Program grant from the Federal Home Loan Bank of Boston. The proposed SHIP subsidy amount is \$60,000.

$$\frac{40,000 + 25,000}{60,000} \times 20 = 1.083 \times 20$$
$$= 20 \text{ points}$$

5. Feasibility & Readiness - up to 10 points

The extent to which the applicant has secured all other necessary financing commitments, approvals and permits needed to build and operate the proposed project; and the extent to which the project is ready to proceed after commitment of SHIP funds.