

## **Supportive Housing Program Request for Proposals**

*The mission of the Maine State Housing Authority is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs.*

*In carrying out this mission, the Maine State Housing Authority will provide leadership, maximize resources, and promote partnerships to develop and implement sound housing policy.*

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Maine State Housing Authority  
353 Water Street, Augusta, Maine 04330  
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## *Introduction*

### **Section 1: Overview and Purpose**

Maine State Housing Authority (MSHA) is the housing finance agency for the State of Maine. MSHA has allocated subsidy funding in the amount of \$900,000 for 2004 for the development of special needs housing.

The purpose of this Request for Proposals (RFP) is to foster the development of new residential opportunities for adults with supportive housing needs. Eligible populations may include, but are not limited to: adult consumers of mental health services; adults with developmental disabilities; adults with a substance abuse diagnosis; adults in the correctional system; adults with a dual diagnosis; adults who are homeless; frail elders; adults with physical disabilities; adults with AIDS; and adult who are victims of domestic violence.

Eligible housing under this RFP includes **transitional housing and permanent multi-family housing**. A definition of each of these types of housing is as follows:

Transitional housing is defined as housing that:

- (A) Is designed to provide housing and appropriate supportive services for adults that are currently in need of supportive housing opportunities; and
- (B) Has as its purpose the facilitation of the movement of adults to a less restrictive form of care within a period up to and not to exceed 24 months following initial occupancy. This time period must be set prior to occupancy with notification provided to residents at time of occupancy. Upper limits for occupancy may be set at less than 24 months with extensions as needed based upon individual capacity.

Permanent multi-family housing is defined as housing that:

- (A) Is designed to provide a permanent independent housing option for adults that are currently in need of supportive housing opportunities; and
- (B) Has as its purpose the integration into the community of independent living adults with the ability to sustain permanent long-term residence.

The source of funding for the \$900,000 in subsidy available under this RFP is Federal HOME funds. Applicants who are awarded subsidy under this RFP must comply with the Federal HOME requirements summarized in Chapter 2 of this Guide. MSHA will also make available debt financing for this initiative. Applicants can apply for subsidy only or for debt and subsidy.

This Guide provides the criteria for and the process to follow in submitting applications to this RFP. Applications must be received by MSHA no later than 5:00 p.m., local time, on **November 18, 2004**. Applications may be mailed to: Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, or hand-delivered to: 41 Anthony Avenue in Augusta.

## *Eligibility*

### **Section 1: Eligible Applicants**

To be eligible for funding, an applicant must:

1. 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 have a determination of tax exemption under Section 501(c)(3) from the Internal Revenue Service; or be a public housing authority authorized to do business in the State of Maine;
2. Provide a corporate resolution demonstrating the authority to apply for and receive funding and debt financing, if any, under this RFP;
3. Demonstrate capacity to deliver or ensure the delivery of appropriate services for the proposed resident population;
4. Demonstrate financial and organizational capacity to undertake the proposed initiative; and
5. Provide evidence of a qualified development team.

Developers and contractors must not be debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal housing programs.

State and federal law and MSHA's policy on conflicts of interest prohibit current MSHA employees or commissioners from working on certain transactions with applicants with whom they have a financial or personal relationship, and prohibit past MSHA employees from working on certain transactions. Accordingly, applicants for funding under MSHA's programs must complete a Conflict of Interest Disclosure Form and comply with the law and policy and any requests by MSHA to ameliorate potential or perceived conflicts of interest. The Conflict of Interest Disclosure Form is attached as Schedule B to this Guide.

No application will be accepted, processed, or approved by MSHA if the applicant or any entity controlled by the applicant or its affiliate (i) in the last six months has been declared in default or has been 60 days or more delinquent on any loan with MSHA unless an approved payment or workout plan is in place and in good standing or (ii) has ever been the owner of a project on which MSHA has foreclosed a mortgage.

## **Section 2: Eligible Program Activities**

- Projects must be either transitional housing or permanent multi-family housing.
- Projects funded by this RFP must provide housing for adults that are in need of supportive housing opportunities. Adults are defined as persons that are 18 years or older in age.
- Funds allocated under this RFP may be used for acquisition and rehabilitation of existing buildings or new construction. Projects may create either single room occupancy units or independent living units. A single room occupancy (SRO) unit is defined as a single room dwelling unit that is the primary residence of its occupant and contains either food preparation or sanitary facilities or both. If the units do not contain sanitary facilities, the building in which the unit is located must contain sanitary facilities that are shared by its occupants. An independent living unit is a unit which contains separate sleeping, sanitary and food preparation areas.
- Applicants must create new supportive housing opportunities. Applicants may acquire existing housing, but the housing must not have been used as special needs housing.
- New construction may be undertaken on a site previously owned/occupied by the applicant.

### **Ineligible Activities include:**

- Group living facilities.
- Refinancing of existing debt - MSHA will examine the relationship of the buyer and seller of any property to ensure an “arm’s length” transaction.
- Projects previously financed by MSHA - The resources from this RFP cannot be combined with any other non-amortizing debt financial resource available through MSHA with the exception of the Pre-Development Loan Program and the Revolving Loan Fund for Acquisitions Program. Also ineligible are projects that previously received Federal HOME funds or are designated as Public Housing.
- Projects that serve adults currently under the guardianship of the State of Maine.
- Projects that serve residents under 18 years of age.
- Federal HOME funds may not be provided to primarily religious organizations for any activity, including secular activities, i.e. assisting primarily religious organizations to construct housing that is owned by a primarily religious organization. However, a secular organization may use Federal HOME funds to acquire land from a primarily religious organization. Further, a wholly secular organization established by a primarily religious organization may use Federal HOME to construct housing, provided that there is no religious or membership criteria for residents of the housing.

### **Section 3: Income and Rent Limitations**

Each unit shall be rented to adults who are earning 50% or less of the area median income as established by HUD. Additionally, the maximum rent that can be charged for each unit is capped. The rent cannot exceed 30% of the income of an individual with income equal to 50% of the area median income. These income and rent limitations will remain in place for 30 years.

If the income of a tenant increases above 50% of the area median income, then the owner shall rent the next available comparable unit in the project to a tenant whose income does not exceed 50% of the area median income. The initially eligible tenant shall pay rent in an amount equal to the lesser of (a) the fair market rent for comparable rental units in the area as established by HUD pursuant to 24 C.F.R. §888.111, or (b) 30% of the adjusted income of a tenant whose annual income equals 65% of the area median income, as determined by HUD, with adjustments for the number of bedrooms in the unit, except that HUD may establish income ceilings higher or lower than 65% of the area median income on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low tenant incomes.

SRO projects have a different rent restriction requirement that applies unless the SRO unit provides both a separate food preparation area and a separate sanitary facility (bathing, lavatory, water closet). If the SRO unit does not offer both of these amenities or offers only one within the unit, then the rent that is charged the tenant can not exceed 75% of the fair market rent for a zero (0) bedroom unit.

### **Section 4: Federal HOME Requirements**

MSHA will require the applicant to comply with all applicable Federal HOME requirements during the compliance period, including without limitation, the following:

#### **A. Property Standards and Accessibility Requirements:**

Projects shall comply with the following:

##### *1) Property Standards*

The project shall meet state and local housing quality/building standards and codes, or in the absence thereof, the National Building Code (BOCA) and NFPA 101. In addition, new construction must comply with the Model Energy Code and the Site and Neighborhood Standards set forth in 24 CFR § 983.6(b).

##### *2) Accessibility Requirements*

The applicant shall comply with applicable Federal and State handicapped accessibility laws and regulations promulgated pursuant thereto, including, without limitation, the Federal Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988 (42 U.S.C. § 3601 *et seq.*, 24 CFR Part 100.205), Section 504 of the Rehabilitation Act of 1973, as amended (29



U.S.C. § 794 *et seq.*, 24 CFR Part 8), Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12131, 47 U.S.C. §§ 155, 201, 218 and 225), and Maine Human Rights Act (5 M.R.S.A. Chapter 337, Subchapters IV and V).

3) *MSHA's site and construction standards are outlined in Appendix 1*

## **B. Fair Housing and Equal Opportunity**

The applicant shall comply with applicable Federal and State laws, executive orders and regulations pertaining to fair housing and equal housing opportunity, including without limitation, Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000d *et seq.*, 24 CFR Part 1), The Fair Housing Act, as amended (42 U.S.C. § 3601 *et seq.*, 24 CFR Part 100-115), Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259), Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 *et seq.*, 24 CFR Part 146), and the Maine Human Rights Act (5 M.R.S.A. § 4581 *et seq.*).

## **C. Labor Contracting and Equal Opportunity**

The applicant shall comply with applicable labor, equal opportunity and contracting requirements as follows:

### *1) Equal Opportunity*

Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086 and 12107 (Equal Employment Opportunity Programs, 40 CFR Part 60), Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 135), Executive Order 11625, as amended by Executive Order 12007 (Minority Business Enterprises), Executive Order 12138, as amended by Executive Order 12608 (Woman's Business Enterprise) and the Maine Human Rights Act (5 M.R.S.A., Chapter 337, Subchapter III).

### *2) Contracting*

The developer shall comply with the procurement standards set forth in 24 CFR Part 84.

### *3) Labor Requirements*

Davis-Bacon Act (40 U.S.C. §276a), Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. §327-333), Copeland Anti-Kickback Act (40 U.S.C. §276c), Fair Labor Standards Act of 1938, as amended (29 U.S.C. §201 *et seq.*) and 24 CFR Part 70 (concerning volunteers). These requirements apply to projects with 12 or more units.

**D. Conflict of Interest**

The applicant shall comply with the Federal HOME conflict of interest provisions as follows:

- 1) The applicant shall comply with the conflict of interest provisions set forth in 24 CFR § 84.42 in the procurement of property and services, as follows:
  - No employee, officer, board member, or agent of the applicant shall participate in the selection, award or administration of a contract supported by Federal funds if a real or apparent conflict of interest is involved. Such a conflict arises when the employee, officer, board member or agent of the applicant, any immediate family member or business partner or associate thereof, or any organizations which employs or is about to employ such employee, officer, board member or agent, has a financial interest or other interest in the firm awarded the contract.
  - No employee, officer, board member, or agent of the applicant shall solicit or accept any gratuities, favors or anything of monetary value from any contractors or subcontractors.
- 2) The applicant shall comply with the conflict of interest provisions set forth in 24 CFR § 92.356, as follows:
  - No employee, officer, board member or agent of the applicant who exercises or has exercised any functions or responsibilities with respect to activities assisted with Federal HOME funds or who is in a position to participate in a decision making process or gain inside information with regard to these activities may obtain a financial interest or benefit from the Federal HOME assisted activity or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds hereunder, either for themselves or those with whom they have family or business ties during their tenure or for one year thereafter.
  - No employee, officer, board member or agent of the applicant may occupy a unit in the project.

**E. Affirmative Marketing**

The applicant shall comply with the affirmative marketing and minority outreach requirements pursuant to 24 CFR § 92.351. This requirement applies to projects with 5 or more units.

**F. Environmental and Land Use**

Projects are subject to the following environmental and land use requirements:

1) *Environmental Review*

All projects must undergo an environmental review by MSHA pursuant to 24 CFR § 92.352, the National Environmental Policy Act of 1969 and regulations promulgated pursuant thereto in 24 CFR Parts 50 and 58. Please see Appendix #2 of this guide which provides a notice of a key federal environmental regulation. The regulation limits development activities that can be conducted prior to an environmental clearance. Applicants are encouraged to discuss the federal regulation with their counsel.

2) *Flood*

The applicant shall comply with Section 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. §4106). Any project located in a special flood hazard area must be insured by flood insurance available under the National Flood Insurance Program. Special flood hazard areas are identified by the Federal Emergency Management Agency.

3) *Land Use and Zoning*

The applicant must obtain all necessary permits and approvals pursuant to applicable State and local land use and zoning laws, ordinances and regulations.

**G. Tenant Protections**

The applicant shall comply with certain tenant protections provisions set forth in 24 CFR § 92.253, including without limitation the following:

- 1) The applicant shall enter into a written lease with tenants for a period of not less than one year. The lease shall not contain certain prohibited provisions set forth in 24 CFR § 92.253(b).
- 2) The owner may terminate the lease only for serious or repeated violations of the terms and conditions of the lease, violations of applicable federal, state or local laws or for other good cause. The applicant must provide 30 days written notice for any termination or refusal to renew.
- 3) The applicant shall not refuse to rent to an otherwise eligible holder of a certificate or voucher under 24 C.F.R. part 982, Section 8 Tenant-based Assistance: Unified Rule for Tenant-based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program, as amended from time to time, or to the holder of a comparable document evidencing participation in a tenant-based assistance program.
- 4) The applicant shall adopt a written tenant selection policy consistent with the requirements of 24 CFR § 92.253(d).

**H. Financial Management and Audit Standards**

The applicant shall comply with the *Standards for Financial Management Systems* set forth in 24 CFR § 84.21 and OMB Circular A-133. MSHA's Project Management and Reporting Requirements are outlined in Appendix 1.

**I. Income Certification**

The applicant shall determine the income of tenants upon initial occupancy and annually thereafter. The applicant shall furnish income certifications and/or verifications to MSHA in accordance with procedures prescribed by MSHA and 24 CFR § 92.203.

**J. Displacement and Relocation**

The developer must take all reasonable steps to minimize the displacement of existing residents of the project. The developer shall comply with MSHA's temporary relocation and permanent displacement policies, 24 CFR § 92.353 and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC § 4201 *et seq.* and 49 CFR Part 24, which may require the developer to provide assistance to permanently or temporarily displaced residents.

MSHA's Displacement Relocation Policy is attached as Appendix #3 to this Program Guide. Sponsors that are proposing projects that will require relocation or displacement must review Appendix #3.

**Section 5: Subsidy Limits and Terms**

**A. Subsidy Limits**

The maximum amount of subsidy per project/application is the lesser of the subsidy cap established under Federal HOME or \$200,000. The Federal HOME subsidy cap depends on whether the project contains independent living units or SRO units. The subsidy cap for projects with independent living units is adjusted for the number of bedrooms in each unit, as indicated in the chart below. For projects with SRO units, the maximum subsidy per project is equal to the zero bedroom cap multiplied by the number of Federal HOME assisted SRO units.

Type of Unit	Maximum
0 bedroom	\$82,305
1 bedroom	\$94,346
2 bedroom	\$114,724

Examples of the above restrictions follow:

Example 1:

Non-profit intends to develop a **two unit project** in which each unit will have **1 bedroom**

Two units multiplied by the 1 bedroom cap (see chart above) is  $2 \times \$94,346 = \$188,692$

The maximum subsidy that can be requested under this RFP for this project is **\$188,692**

Example 2:

Non-profit intends to develop a **four unit project** in which each unit will have **2 bedrooms**

Four units multiplied by the 2 bedroom cap (see chart above) is  $4 \times \$114,724 = \$458,896$  **which is more than the program maximum of \$200,000**

The maximum subsidy that can be requested under this RFP is **\$200,000 per project/application**; therefore the maximum that can be requested for this project is **\$200,000**.

Example 3: (SRO Example)

Non-profit intends to develop a **three unit SRO project**

Three units multiplied by the Zero bedroom cap (see chart above) is  $3 \times \$82,305 = \$246,915$  **which is more than the program maximum of \$200,000**

The maximum subsidy that can be requested under this RFP is **\$200,000 per project/application**; therefore the maximum that can be requested for this project is **\$200,000**.

## **B. Subsidy Terms**

Subsidy will be structured as a 0% deferred loan, forgivable in its entirety at the end of 20 years subject to program compliance. Repayment of the outstanding subsidy balance will be triggered upon the sale, transfer, assignment or change in use of the project or a default under the permanent mortgage loan before the conclusion of the 20 year term.

MSHA will not establish any minimum collateral requirements for the subsidy funding, e.g. loan to value.

Applicants are strongly encouraged to leverage other funds beyond this resource in order to create feasible projects. Such additional sources of funds may include, but are not limited to: Federal Home Loan Bank of Boston, Community Development Financial Institutions, Maine Community Reinvestment Corporation, Community Development Block Grants, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture - Rural

Housing Services, Veterans Administration, private capital including being eligible for Community Reinvestment Act credit, and Coastal Enterprises, Inc.

MSHA subsidy awarded to a project will be secured by a mortgage on the land and improvements constituting the project, including an assignment of leases and rents, and a UCC security interest in all fixtures, personal property and deposit accounts of the project. MSHA's mortgage and security interest will be subordinate to any MSHA debt financing and may be subordinated to financing provided by other lenders for the project. MSHA will review subordination requests on a case-by-case basis.

## **Section 6: Debt Financing**

An applicant may request debt financing from MSHA in its application or secure financing from another lender. **Applications to this RFP cannot be for debt only.** (Sponsors who are seeking debt only may apply through the Supportive Housing Debt Program). Underwriting of debt requests will be made subsequent to the subsidy awards. MSHA staff will underwrite all requests for debt financing. Debt financing is subject to:

- A commitment from the appropriate State agency to provide the revenues that will be needed to pay the annual debt service. The commitment will need to be project specific and indicate the specific dollar amount that will be available to support debt service.
- Debt will be provided at a 7% interest rate.
- Payments in equal monthly installments amortized over 30 years are standard, but MSHA will consider alternatives.
- Debt will not exceed the lesser of 200% of the project's appraised after-rehab, out-of-service value or 100% of the after-rehab, in-service value. Under no circumstances will debt and subsidy exceed the total development cost of the project.
- The maximum debt allowed per project is \$300,000. The minimum debt allowed is \$50,000.
- Applications for debt financing must include an operating budget that is approved by MSHA and provides for a minimum 110% debt coverage ratio. Projects that are supported by State funding on a cost reimbursement basis are not subject to this requirement because the State does not recognize debt coverage as a budget item.
- The feasibility review for debt requests will consider the predictability and dependability of projected income flow, the expenses of the project, and the credit capacity of the applicant. On a case-by-case basis, MSHA will review proposals that rely upon Section 8 tenant-based rental assistance as a revenue source. MSHA may elect to discount tenant-based Section 8 rental assistance as a source of income to support debt financing.
- MSHA debt financing will be secured by a first lien mortgage on the land and improvements constituting the project, including an assignment of leases and rents, and a

UCC security interest in all fixtures, personal property and deposit accounts of the project. MSHA subsidy and financing provided by other lenders and any mortgage and security interest in the project securing the obligations shall be subordinate to MSHA's debt financing and the mortgage and security interest securing MSHA's debt financing.

- An appraisal of the property will be required for all applications requesting debt financing of \$200,000 or more. Appraisals will be commissioned by MSHA. Sponsors will reimburse MSHA for the cost of the appraisal at the time of the loan closing. If a project does not proceed to a loan closing, the sponsor will not be required to reimburse MSHA for the cost of the appraisal. For projects requesting less than \$200,000 in debt financing, MSHA may look to a current tax assessment to determine that the request for debt financing is reasonable.
- Applicants should review Appendix 1 attached to this Guide for further definition of the following underwriting terms: lien position; secondary debt; debt service coverage; appraisals; title insurance; survey requirements; and construction financing.

### **Section 7: Replacement Reserve**

Sponsors of RFP projects are required to pre-fund a replacement reserve at the time of the loan closing. Appendix 1 to this Guide provides details concerning the reserve and the level of required funding.

### **Section 8: Taxes and Insurance**

Appendix 1 outlines the RFP requirements related to property taxes and insurance.

## *Scoring Criteria*

MSHA will convene a panel of knowledgeable and interested parties to review and score the eligible RFP subsidy applications. The scoring committee will only review and score applications for subsidy that MSHA has determined are complete, accurate and feasible. The scoring committee will not consider any debt underwriting.

The scoring committee will score applications in accordance with the following scoring system. The points identified below reflect the maximum that can be awarded for each criterion. MSHA reserves the right to award fewer points or no points.

The scoring committee will rank the applications based on how well the applications scored and recommend funding priorities to the Director of MSHA. The Director of MSHA will review the scoring committee's recommendations and make the final decision about subsidy awards.

### **Section 1: Need (30 points)**

The Scoring Committee will consider the need of the target population group in relation to statewide and regional special needs populations, the unmet need of the target population group, the responsiveness of the application in meeting that unmet need, and the extent to which the application serves those with the greatest financial need.

### **Section 2: Organizational Capacity (20 points)**

The Scoring Committee will evaluate the organizational capacity of the applicant. In assessing organizational capacity, the Scoring Committee will rate general organizational capacity, experience in housing development, experience in project management, and experience in the provision of, or linking to, supportive services and funding.

### **Section 3: Long-Term Viability and Service to Target Population (40 Points)**

The Scoring Committee will evaluate the long-term viability of the project and continued service to the target population, which will depend upon a clear understanding of the project and its feasibility. The Scoring Committee will consider the description of the proposed project and will rate the project by reviewing the preliminary pro-forma demonstrating the long term viability of the project, a description of the development resources committed to the project, a description of



the supportive services committed to the project, and overall budget reasonableness. The Scoring Committee will evaluate the efficiency of the use of subsidy as well as the public benefit provided. Examination and underwriting of the debt portion of any application will occur subsequent to the subsidy review. MSHA staff will perform all debt underwriting.

#### **Section 4: Project Readiness (5 points)**

The Scoring Committee will award points for the commitment of the applicant to the proposed supportive housing project and the ability to complete it within a reasonable timeframe.

#### **Section 5: Project Community Support (5 points)**

The Scoring Committee will award points for strong community support, including the leveraging of funds in addition to MSHA subsidy.

## *Submission and Selection Requirements and Procedures*

### **Section 1: Submission**

All applications must be mailed or hand-delivered to Maine State Housing Authority. The mailing address is 353 Water Street, Augusta, Maine, 04330-4633. The MSHA building is located at 41 Anthony Avenue in Augusta. All applications must be received by MSHA **no later than 5:00 PM, local time, on November 18, 2004**. In any dispute or controversy involving timely submission of an application, the applicant will have the burden of establishing the date and time of receipt of the application by MSHA.

All inquiries and requests for information may be directed to anyone of the following persons.

Cindy Namer at 626-4632 or [cnamer@mainehousing.org](mailto:cnamer@mainehousing.org)

Bill Olsen at 626-4633 or [bolsen@mainehousing.org](mailto:bolsen@mainehousing.org)

Brenda Perry at 624-5735 or [bperry@mainehousing.org](mailto:bperry@mainehousing.org)

### **Section 2. Application Requirements**

Each application must satisfy the following **threshold requirements**.

- Each applicant must present a project that is financially, physically and legally feasible and is eligible under this RFP.
- Each application must include an outline of a service plan that addresses the needs of the population to be served by the project.
- Each application shall demonstrate the ability to secure funding to support the operation of the proposed project and the delivery of services to the population served by the project.
- Each application shall include evidence of support of the appropriate State agency for the creation of the proposed housing.

There are three components to a complete application. All three components must be included in each application. A description of each component is provided below.

**Component 1: Executive Summary (1 page maximum)**

Provide a one-page summary describing the project. The summary must include the population group, how it will be served, where it will be served, the number of units, and a brief description of the project completion schedule.

**Component 2: Responding to the Scoring Criteria**

**A) *Need (2 pages maximum).***

- i) Relate the targeted population group to state and regionally identified needs.
- ii) Describe in detail the nature of the targeted population group's unmet need.
- iii) Describe how the proposal will meet that need.
- iv) Describe the level of low income targeting the proposal will achieve.
- v) Describe the involvement and the role of the Department of Health and Human Services or the Department of Corrections (as applicable) in the identification of need.

**B) *Organizational Capacity (2 pages maximum).*** Provide a general description of the organization and its mission. Describe the applicant's capacity to develop the project for the target population group. Describe the applicant's experience in short and long term management of similar properties. Describe how supportive services will be provided and the applicant's relevant experience in providing supportive services.

**C) *Long-Term Viability and Service to Target Population (2 pages maximum).*** Provide details of how this project will be developed and managed once the project is completed. Identify all internal and external financial resources, describing how each relates to project development and subsequent operations. Include a description of the supportive services committed to this project in resource identification.

- D) ***Project Readiness (1 page maximum)***. Describe the organization's readiness to complete the project. Describe the work already done that would lead to timely completion of the project if funds are awarded.
- E) ***Project Community Support (1 page maximum)***. Describe how the local community has responded to this proposed project, and how it has demonstrated support (or opposition). Include in that description any available leveraged funds and the source of those funds.

### **Component 3: Attachments**

Please enclose the following with your application:

- A corporate resolution documenting the applicant's authority to respond to this RFP.
- HUD Form 2530, Previous Participation Form (see attached Schedule C)
- Conflict of Interest Disclosure Form (see attached Schedule B)
- Community or State agency support letters not to exceed three pages (optional).
- Commitment letters for leveraged funds (optional).
- A preliminary development budget (see attached Proforma 1).
- A development sources of funds statement (see attached Proforma 2).
- A preliminary operating budget (see attached Proforma 3).
- Request for Inducement (if requesting debt financing)

### **Maximum Application Length**

**Our intention is to provide the Selection Committee with only the essential information needed to render decisions concerning the applications. Towards that goal, we are limiting each application to a maximum of 20 TOTAL PAGES. This total is all-inclusive, that is it includes the narrative sections, the attachments, the letters of support and commitment letters for leveraged funds, and the three MSHA pro-forma. MSHA will return to the applicant all pages beyond the 20-page maximum.**

## **Section 3: Application Review and Scoring**

**A. Initial Review.** Each application will be reviewed for completeness, eligibility, feasibility, satisfaction of the application requirements set forth above and observance of the maximum page limits set forth above. Pages in excess of the maximum page limits will not be factored into the scoring of that application. Applications that are not eligible or feasible or do not

respond to the submission requirements will be rejected prior to scoring. All other applications will be scored in accordance with the criteria set forth in Chapter 3 of this Guide.

**B. Scoring Process.** MSHA will convene a committee of knowledgeable and interested parties to review and score the applications. The scoring committee will score all eligible applications according to the scoring criteria set forth in Chapter 3 of this Guide. The applications will be ranked based on how well the applications scored, from the highest to the lowest scoring application.

**C. Subsidy Awards; Preference.** The scoring committee will recommend to the Director of MSHA which applications should be awarded subsidy based on the ranking of the applications and the amount of subsidy that should be awarded to each application. The Director of MSHA will review the recommendations of the scoring committee and will make the final decision about subsidy awards. If the total score of two (or more) applications is identical and there is insufficient subsidy to fully fund both (or all) of the applications, preference shall be given among these applications as follows:

1. First, to an application for a project located in a municipality that has received a certificate of consistency for its growth management program from the State Planning Office pursuant to 30-A MRSA §4347-A;
2. Second, to an application for a project located in a municipality that has adopted a comprehensive plan that the State Planning Office has determined is consistent with the State's growth management procedures, goals and guidelines and that has adopted a zoning ordinance that is consistent with the municipality's comprehensive plan;
3. Third, to an application for a project located in a municipality that has adopted a comprehensive plan that the State Planning Office has determined is consistent with the State's growth management procedures, goals and guidelines; and
4. Finally, to an application that does not satisfy any of the above criteria.

The above preferences shall be given based on the most current information available from the State Planning Office at the time the final decision about subsidy awards is made.

## **Section 4. Award Notice**

Applicants who are awarded subsidy will receive a notice to proceed which will include the amount of subsidy awarded and identify a MSHA supportive housing loan officer assigned to the application. The supportive housing loan officer will work with the applicant to satisfy the requirements necessary to receive a MSHA financing commitment, which may be for subsidy only or may also include debt financing. The requirements for receiving a commitment will vary depending on whether the commitment will be for subsidy only or will also include debt financing. Regardless of whether the commitment is for debt and subsidy or subsidy only, MSHA will require evidence of site control and evidence of funding

to support the operation of the project prior to the issuance of a commitment. The applicant will have a maximum of two (2) years from the date of the subsidy award notice to provide evidence of site control and evidence of operating funding for the proposed project. MSHA may rescind subsidy awards to applicants that fail to comply with the two (2) year time-frame. MSHA will evaluate each project on a case by case basis prior to any decision to rescind a subsidy award.

## **Section 5. Commitment and Closing**

MSHA will issue a commitment letter upon completion of the underwriting process and satisfaction of all requirements necessary to receive a financing commitment. The commitment letter will set forth the terms and conditions of the subsidy and any debt financing, identify closing conditions and require the applicant to execute certain documents and instruments evidencing the subsidy and debt financing, if any. The subsidy award will be evidenced by a promissory note with no interest which is forgivable after 20 years subject to program compliance. Any debt financing will be evidenced by a promissory note with interest at the rate of 7% amortized over 30 years. The applicant will enter into a regulatory agreement obligating the applicant to comply with the Federal HOME requirements set forth in Chapter 2 of this Guide for 20 years. A declaration of covenants will be executed and recorded in the appropriate registry of deeds, which covenants run with the land and obligate the applicant to comply with the income and rent limitations set forth in Chapter 2 of this Guide for 30 years.

MSHA subsidy and debt financing shall be secured by a mortgage on the land and improvements constituting the project, including an assignment of leases and rents, and a UCC security interest in all fixtures, personal property and deposit accounts of the project. No other encumbrances, liens, mortgages or security interests will be permitted on the project without MSHA's written approval. The mortgage and security interest securing any debt financing must be a first lien mortgage and security interest. MSHA subsidy and any financing provided by other lenders and any collateral securing these obligations shall be subordinate to MSHA's debt financing and the mortgage and security interest securing the debt financing. MSHA will consider requests for subordination of MSHA's subsidy to financing provided by other lenders on a case-by-case basis. MSHA will require other lenders providing financing in connection with projects to enter into an inter-creditor agreement clearly defining each party's interest in the event of a default on terms and conditions acceptable to MSHA.

**MSHA reserves the right to reject or cease processing any or all submissions or applications prior to issuance of a commitment for permanent financing. MSHA accepts no obligation to finance any proposal until a permanent financing commitment has been issued and accepted by the developer in accordance with its terms.**

## *Non-Discrimination Policy*

### **Section 1: Compliance with Non-Discrimination Laws**

Maine State Housing Authority does not discriminate on the basis of race, color, religion, sex, 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. MSHA will provide special communication assistance to persons with vision or hearing impairments. MSHA has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements:

Jodie Stevens  
Maine State Housing Authority  
353 Water Street  
Augusta, Maine 04330  
Telephone Number (207) 626-4600 or 1-800-452-4668 (voice)  
or 1-800-452-4603 (TTY)

Applicants are cautioned to be aware of the potential applicability of provisions of the Americans with Disabilities Act, the Maine Human Rights Act, federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973 to any housing proposed for funding. Procedures for selection of residents, conditions of residency, and rules regarding termination may fall within the scope of these laws. 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.

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## **Attachments**

Appendix #1: Program Definitions

Appendix #2: Environmental Review Notice

Appendix #3: Displacement Relocation Policy

Proforma #1: Estimated Development Costs

Proforma #2: Sources of Funds

Proforma #3: Estimated Year 1 Annual Operating Income and Expenses

Schedule A: Request for Inducement

Schedule B: Conflict of Interest Disclosure Form

Schedule C: HUD Form 2530, Previous Participation Form