



2019 Bond Funded Walk-in Financing Program for New Housing for Older Adults

INTRODUCTION

The Treasurer of State is authorized, under the direction of the Governor, to issue bonds in the name and on behalf of the State of Maine to provide the Maine State Housing Authority \$14,500,000 to be used to leverage private and other funds to provide affordable housing for low-income households headed by a person 55 years of age or older. Funds can be used for the construction of new energy-efficient affordable housing and the adaptive reuse of existing structures. Preference must be given to homes in locations that have access to health care services and other essential goods and services. At least four projects must be located in counties having populations under 100,000.

Unless otherwise stated in this document, applicants must comply with the applicable requirements of MaineHousing's Rental Loan Program Guide dated October 2017 (the "RLP Guide") and 2019 Qualified Allocation Plan (QAP) which can be found at MaineHousing's website, www.mainehousing.org. Unless indicated otherwise, capitalized terms have the same definitions set forth in the 2019 QAP.

ELIGIBLE PROJECTS

Projects must meet the following requirements.

1. The Project must create new affordable rental housing units for low-income households headed by a person 55 years of age or older through new construction or the adaptive re-use of an existing building.
2. All credit units must be available for rent by persons who earn 60% or less of the area median income for a period of 45 years.

Projects must meet a minimum scoring threshold of 55 points using the criteria described below to be eligible. Projects that have a Notice to Proceed from another MaineHousing program are not eligible to apply.

MaineHousing may suspend or terminate this program at any time, reject or cease processing any application prior to issuing a financing commitment, and award all, a portion, additional, or none of the available Deferred Debt.

FUNDING SOURCES

MaineHousing is making the following resources available under the Rental Loan Program to finance eligible new affordable rental housing for older adults:

- Proceeds of tax-exempt facility bonds issued pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (“the Code”)
- 4% “automatic” Low Income Housing Tax Credit (LIHTC)
- 0% Deferred Debt sourced from State of Maine General Obligation Bond proceeds

Funding under this program is available for eligible projects on a walk-in basis until such time as the resources allocated to this program are exhausted or are insufficient to fund an eligible project. \$10,000,000 will be set-aside to ensure adequate funding for four projects in counties with populations fewer than 100,000 people. As each of these set-aside projects is funded, the difference between \$2,500,000 and the amount awarded to the project will be returned to the program for use in any area of the State.

TAX-EXEMPT DEBT AND TAX CREDITS

If a Project’s financing requires MaineHousing to participate in the construction loan at a level greater than 60%, MaineHousing will provide all of the construction period financing for projects, except in instances where the applicant is using the Affordable Housing Program from the Federal Home Loan Bank and the member bank needs to participate with MaineHousing in the construction loan as part of their competitive scoring selection process. All debt must be secured by a first lien mortgage and security interest in the Project and related personal property.

All projects must be eligible for and utilize the 4% LIHTCs. In addition to requirements specified in this document, projects must comply with the MaineHousing’s 2019 QAP, MaineHousing’s Section 142 of the Code and associated regulations regarding the use of tax-exempt bond proceeds, and Section 42 of Code and associated regulations regarding the 4% LIHTC.

0% DEFERRED DEBT

MaineHousing is making 0% Deferred Debt available in an aggregate amount up to \$14,500,000 for eligible projects. The amount awarded to a project will be limited as follows:

1. The per-unit amounts listed in the table below, based on geographic location and construction type,

Counties/HFMAs	New Construction	Historic Adaptive Reuse
Cumberland, Sagadahoc, and York	\$65,000	\$40,000
Androscoggin, Hancock, Kennebec, Knox, Lincoln, and Bangor HMFA	\$85,000	\$65,000
Aroostook, Franklin, Oxford, Penobscot (exc. Bangor HMFA), Piscataquis, Somerset, Waldo, and Washington	\$100,000	\$85,000

2. \$2,500,000 per project, and
3. the amount necessary for the Project to achieve feasibility.

UNDERWRITING CRITERIA

Construction Financing Terms

- 3.5% interest rate per year plus a 2-point origination fee, subject to change based on market conditions at the time the tax-exempt facility bonds are issued. Must be secured by a first lien mortgage and security interest in the Project and related personal property. Repayment will not be allowed until construction completion. The Project must meet the 50% test for tax-exempt bonds.

Debt Financing Terms

- 5.5% interest rate per year, subject to change based on market conditions at the time the tax-exempt facility bonds are issued.
- At the Applicant's option, debt may be structured as (a) interest only payments for 30 years with a final balloon payment of all amounts owed due at the end of 30 years, (b) interest only payments for 15 years with a 30-year amortization beginning in year 16 and a final balloon payment of all amounts owed due at the end of 30 years, or (c) interest only payments for 15 years with a 40-year amortization beginning in year 16 and a final balloon payment of all amounts owed due at the end of 30 years.
- Debt must be supported by an acceptable operating budget.
- Cannot be prepaid during the term of the loan.

Deferred Debt Terms

- Loans will be structured as a non-interest deferred payment loan with payment due on the earliest of (a) 30 years, (b) a sale, transfer, or assignment of the Project, (c) the discontinuation of the intended public purpose, or (d) a default of the MaineHousing loan(s). The loan must be secured by a mortgage and security interest in the Project and related personal property, the priority of which will be determined on a project-by-project basis.
- All other resources available for the Project will be considered in determining the need for Deferred Debt. Applicants must first maximize all other resources available for the Project.
- The amount of Deferred Debt awarded to a Project may be less than the amount requested by the Applicant if MaineHousing determines that the Project can support more debt financing or reduce costs.
- Maximum tax credit rents will be used for Credit-eligible units to determine the need for Deferred Debt, unless the comparable market rents are lower and supported by an acceptable independent market study.
- Applicants proposing deeper affordability than 60% of area median income must provide additional non-MaineHousing resources to support the greater affordability.

- Projects will be required to maintain the rents used in underwriting if lower than tax credit rent maximums.

Construction Cost Increases

- If the construction costs of a project increase after the date of the Application due to market conditions or other reasons beyond the control of the Applicant, MaineHousing may award additional resources to the Project, provided that the additional Deferred Debt (a) when combined with the equity generated by any additional 4% LIHTC awarded under the QAP, will not exceed an amount equal to 5% of the Total Construction Cost for the Project estimated at the time construction bids on the Project are requested, and (b) does not exceed the Deferred Debt limits set forth above.

SCORING CRITERIA

Eligible applications will be reviewed and scored according to the criteria outlined below. Applicants must complete all information and submit all documentation required for this program. Applications scoring 55 points or higher will be awarded on a first-come, first-served basis.

A. Project Characteristics (maximum of 20 points)

1. Readiness

Applications will be awarded 6 points if

- (a) the Project has all municipal land use approvals (except permits customarily issued during construction) and all State land use approvals (such as site plan, subdivision, storm water or wetlands approvals) required to proceed with and complete the Project,
- (b) any Related Development has all municipal and State land use approvals required to proceed with and complete the Related Development, and
- (c) the timeframe to appeal all such approvals has expired as of the date of the Application with no appellate action being taken or all appeals have been resolved as of the date of the Application.

2. Historic Rehabilitation

Applications will be awarded 4 points if the Project includes the rehabilitation of a certified historic structure and uses capital generated from federal or State historic preservation tax credits.

3. Accessibility

Applications will be awarded 1 point for each accessible unit in the Project that exceeds the number of such units required by applicable federal and state accessibility laws and associated regulations, up to a maximum of 10 points. At a minimum, the additional unit(s) must meet the requirements for a Type A unit under ANSI Standard A117.1-2009.

B. Financial Characteristics (maximum of 27 points)

1. Efficient use of Deferred Debt

An Application will be awarded 1 point for each \$1,000 in Deferred Debt per Credit-eligible unit below the per unit Deferred Debt limit for the type of project that is requested in the Application up to a maximum of 15 points.

For example, projects in Cumberland County that *are not* eligible for federal and state historic rehabilitation tax credits will be scored as follows:

\$65,000 - \$64,001 per Credit-eligible unit	0 points
\$64,000 - \$63,001 per Credit-eligible unit	1 point
\$63,000 - \$62,001 per Credit-eligible unit	2 points
and so on until	
\$50,000 or less per Credit-eligible unit	15 points

Projects in Cumberland County that *are* eligible for federal and state historic rehabilitation tax credits will be scored similarly, beginning with the \$40,000 per unit Deferred Debt limit and so on.

If re-scoring the Application results in a net reduction in the total score of the Application, and the reduced score drops below the minimum threshold score of 55, then all eligible Applications submitted by the Applicant, and Principal thereof, or any of their Affiliates in either the next round of competition for the State Ceiling or the next competitive Tax-exempt offering will lose 5 points.

2. New Project-based Rental Assistance

An Application will be awarded up to 5 points based on the number of assisted units with a commitment of new eligible project-based rental assistance relative to the number of Credit Units.

<u>Percentage of Units</u>	<u>Points</u>
15% to < 25% (but not less than 4 units)	1 point
25% to < 50%	2 points
50% to < 75%	3 points
75% to <100%	4 points
100%	5 points

The assistance must be from RD or HUD, have similar terms to RD or HUD, or provide a minimum amount of \$200 per month for each assisted unit. Section 8 Project-based Vouchers (24 CFR Part 983) are only eligible if the vouchers were awarded pursuant to a competitive process prior to the Application date. Assistance made available, either directly or indirectly, by MaineHousing is not eligible.

3. Developer Fee Contribution

An Application will be awarded 7 points if at least 25% of the maximum Net Developer Fee allowed for the Project is deferred, loaned or foregone for the benefit of the Project.

C. Project Location (maximum of 38 points)

1. Aging In Place Initiatives

An applications will be awarded up to 15 points for projects located in communities that have demonstrated an ongoing commitment to participating in aging-in-place community initiatives. Aging in place initiatives are community wide efforts to support the needs of older adults living in the community, and are not necessarily specific to the proposed housing development so much as a livable community for all ages. Efforts may include housing, transportation, access to community services and healthcare, walkability and recreation, and accessibility.

Community Features	Points
<p>a. Starting/Planning Community Aging In Place Initiatives Please describe community actions to understand and plan for the needs of an older adult population. These are not limited to housing needs.</p> <p>Examples (any of the following):</p>	5 points

<ul style="list-style-type: none"> • Participation in an age friendly organization such as the AARP/WHO Network of Age Friendly Communities, a Village to Village Network; • Creation of a local planning committee; • A recent assessment that includes a focus on the needs and preferences of older adult residents and development of an action plan based on the data collected; • Local officials have endorsed the age friendly effort by adopting a resolution; • Completion of a local housing assessment; • Inclusion of age-friendly goals in the community’s comprehensive plan; • A municipal housing assessment. • Existing municipal infrastructure improvements such as park accessibility, community centers; • Existing municipal services that support older adult residents such as a transportation network, property tax abatement. 	
<p>b. Plan of Action and Implementation</p> <p>Please describe a plan of action based on an assessment of the needs and preferences of older residents. The assessment is not limited to housing but must include at least one goal that involves housing. Please describe local initiatives that support and address the needs of an older adult population.</p> <p>Examples (any of the following):</p> <ul style="list-style-type: none"> • Evidence of initiatives to implement the action plan in the area of housing (home repair programs, handy man services, etc.) • Municipal infrastructure improvements made within the past 3 years, such as park accessibility, community centers; • Municipal services established within the past 3 years that support older adult residents such as a transportation network, property tax abatement. • Other existing initiatives that make the community more livable such as recreational programs for older adults, transportation, community programs; accessibility/walkability 	<p>5 points</p>
<p>c. Sustaining the Community Commitment</p> <p>Please describe three initiatives that have been in effect for three years or more in the areas of housing, transportation, access to community services or health care, with at least one in the area of housing (volunteer or paid labor home repair programs, cohousing, etc.).</p> <p>Examples (any of the following):</p> <ul style="list-style-type: none"> • Ongoing assessment of the needs and preferences of older adult residents with updated action plan; 	<p>5 points</p>

<ul style="list-style-type: none"> • Completion of an evaluation of the age friendly work of the community; • Establishment of a 501c3 whose mission is age friendly that has been active for 3 or more years; • Membership in AARP/WHO Age Friendly Network, Village to Village Network for at least three years; • Municipal ordinances that have been in effect for 3 or more years, and encourage older residents to remain active and engaged in the community such as those for accessory dwelling units and building codes that require visibility standards. 	
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2. Service Center Community Need

Applications for projects located in Service Center Communities will receive up to 8 points.

Service Center Community			Points
Auburn	Falmouth	Saco	8 Points
Augusta	Freeport	Sanford	
Bangor	Kittery	Scarborough	
Bath	Lewiston	South Portland	
Biddeford	Portland	Waterville	
Brunswick	Old Orchard Beach	Westbrook	
Brewer	Kennebunk	Skowhegan	6 Points
Bridgton	Madawaska	Topsham	
Camden	Presque Isle	Van Buren	
Caribou	Rockland	Windham	
Ellsworth	Rumford		
Bar Harbor	Gardiner	Norway	4 Points
Belfast	Hermon	Oxford	
Bethel	Houlton	Pittsfield	
Blue Hill	Lincoln	Rangeley	
Damariscotta	Mexico	Rockport	
Dexter	Millinocket	Wiscasset	
Farmington	Mount Desert		

3. Smart Growth

Projects incorporating smart growth principles will be awarded up to 15 points.

Smart Growth Feature	Points
1. Access to Public Transportation. The Project is located within Safe Walking Distance (1/2 mile or less) of a designated pick-up location for existing Fixed-route Public Transportation.	5 points

<p>2. Demand Response Transportation Demand Response Transportation is available to all tenants with no eligibility criteria that would limit or deny service.</p>	<p>5 points</p>
<p>3. Proximity to Activities Important to Daily Living The Project is located within a Safe Walking Distance of not more than ½ mile of at least 3 Activities Important to Daily Living including at least one health care service.</p>	<p>5 points</p>

D. Sponsor Characteristics (maximum of 15 points)

1. CHDO Participation

An Application will be awarded 5 points if the Project is owned, sponsored or developed by a community housing development organization (CHDO) pursuant to FedHOME guidance.

2. Developer Capacity

An Applicant will be awarded up to 5 points based on the experience of the development team. Applications will receive:

- (a) 5 points if any Principal of the Applicant or Affiliate thereof has successfully completed the development of one or more multi-family rental housing projects for older adults with MaineHousing funding,
- (b) 4 points if any Principal of the Applicant or Affiliate thereof has successfully completed the development of one or more LIHTC Projects for older adults in another state(s); or
- (c) 2 points if any Principal of the Applicant or Affiliate thereof has experience successfully developing and operating multi-family rental housing or experience managing any Affordable Housing, and the Application will be awarded one (1) additional point if the Applicant contracts with a qualified consultant with experience successfully developing and completing LIHTC Projects for assistance.

3. Owner Performance

MaineHousing may require financial statements from the Applicant, Principal thereof, or Affiliate, or reject the Application if it determines that deficiencies are not sufficiently addressed. Applications will lose points based on performance if the Applicant, any Principal thereof or any of their Affiliates:

<p>a. Was subject to TDC rescoring in either of the most recent previous round of competition for the State Ceiling or the competitive Tax-exempt debt offering.</p>	<p>-5 points</p>
<p>b. Was 60 days or more delinquent in the payment of any MaineHousing loan since January 23, 2014 (except delinquencies resulting from the delay or loss of Section 8 housing assistance payments), has ever been declared in default by MaineHousing, or has a municipal tax lien on any housing funded by MaineHousing.</p>	<p>-2 points</p>

c. Was either (a) issued an IRS Form 8823 for any reason other than a violation of UPCS or local inspection standards (box 11c) that was subsequently reported as “noncompliance corrected” within the correction period, or (b) had an IRS audit finding resulting in a recapture event, since September 20, 2015.	-2 points
d. Failed to meet a deadline in the last Notice to Proceed received for a LIHTC Project in the State, unless the failure was the direct result of circumstances beyond its control, as determined by MaineHousing	-1 point per project
e. Owned a LIHTC Project still in its Compliance Period that had a year-end operating deficit within the last full Fiscal Year, unless the operating deficit was fully funded by the Application deadline.	-1 point per project

4. Management Capacity

An application will be awarded 5 points if the Project’s management company has at least:

- (a) one (1) staff person with a minimum of three (3) years of experience successfully managing at least one (1) LIHTC Project, and
- (b) one (1) additional staff person with LIHTC training in the last 3 years for every 150 units in LIHTC Project(s) the company plans to manage.

5. Management Performance

Points are based on the management of LIHTC Projects still in their Compliance Period as follows.

1. Number of LIHTC Project(s) with a below average or unsatisfactory score on the last two physical plant inspections: a. one b. two or more	-1 point -2 points
2. Number of Project Reports submitted after the applicable deadline in each of the two years preceding the Application deadline: a. 1-4 reports b. 5-10 reports c. more than 10 reports	-1 points -2 points -3 points
3. Number of LIHTC Project(s) with a below average or unsatisfactory score on the last two management and occupancy reviews: a. One b. Two or more	-1 point -2 points

Commitments made in an Application for which the Application was awarded points under the above scoring criteria will be included in the Extended Low-income Housing Commitment required to be executed in connection with the Project. MaineHousing will deem an Application withdrawn if after the Application is made there is any change in the commitments made in the Application which results in a net reduction in the total score of the Project.

FUNDING PRIORITIES

At least four projects must be located in counties having populations under 100,000. Funding may be suspended at any time to ensure these four projects are funded. Projects which meet threshold requirements and score 55 points or higher will be considered eligible. Funding will be awarded to eligible projects on a first-come, first-served basis until the remaining funds are not enough to support any of the remaining projects. All eligible Applications that are not selected will be placed on a waiting list. Any Deferred Debt that is returned or otherwise is allocated specifically to this program may be made available to the next Application(s) received that can achieve feasibility with the available Deferred Debt.

SUBMISSION REQUIREMENTS

The Application must be in the form prescribed by MaineHousing for this program. Applications that MaineHousing determines are complete, eligible, and feasible will be processed pursuant to the selection criteria set forth above. Applications that do not meet these requirements, will be rejected. Please call Bill Glover, Manager of Lending of the Development Division, at (207) 626-4634 if you have any questions about required documentation or access to MaineHousing's ShareFile.

MAINEHOUSING'S NONDISCRIMINATION POLICY

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.