



2019 Rural Housing for Older Adults

Request for Proposal



MaineHousing Mission Statement

The mission of MaineHousing is to assist Maine people in obtaining and maintaining quality affordable housing and services suitable to their housing needs.

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Rural Housing for Older Adults 2019 Request for Proposals

A. Overview

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 affordable housing and the adaptive reuse of existing structures.

At least four projects must be located in counties having populations under 100,000. MaineHousing is making up to \$12,000,000 in deferred no interest loans (“Deferred Debt”) available under this Request for Proposals (RFP) for those four projects. The maximum award per project is \$3,000,000. Additionally, MaineHousing will make project-based vouchers (PBVs) available as needed for units funded through this RFP.

Applications will be scored according to the Scoring Criteria outlined below. MaineHousing may suspend or terminate this RFP at any time; may award fewer than four projects; and may award all, a portion of, or none of the available funds pursuant to this RFP.

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 2020 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 2020 QAP.

B. 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.
3. Projects must be located in Maine counties with populations less than 100,000. These counties are Aroostook, Franklin, Hancock, Knox, Lincoln, Oxford, Piscataquis, Sagadahoc, Somerset, Waldo, and Washington.
4. The project must comply with the terms of this RFP and be feasible.

** 62 years of age or older when more than 25% of units have PBVs per HUD requirement*

C. Funding Sources

MaineHousing is making the following resources available under this RFP:

- 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 proceeds

MaineHousing may make additional resources available.

Tax-exempt Debt & 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, 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 tax-exempt 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 2020 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. Applicants must accept funding from the National Housing Trust Fund program if requested by MaineHousing. This funding would require some units in the project to be affordable to and occupied by Extremely Low Income households.

0% Deferred Debt

MaineHousing is making 0% Deferred Debt available in an aggregate amount up to \$12,000,000 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/HFMA s	New Construction	Historic Adaptive Reuse
Sagadahoc	\$78,000	\$48,000
Hancock, Knox, Lincoln	\$102,000	\$78,000
Aroostook, Franklin, Oxford, Piscataquis, Somerset, Waldo, and Washington	\$120,000	\$102,000

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

D. 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.

Tax-Exempt 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, 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 received, and (b) does not exceed the Deferred Debt limits set forth above.

E. 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. The four highest scoring eligible and complete applications received before the competition deadline will receive funding.

1. Project Characteristics (maximum of 12 points)

a. Readiness

Applications will be awarded 6 points if

1. 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,
2. any Related Development has all municipal and State land use approvals required to proceed with and complete the Related Development, and
3. 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.

b. 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 6 points. At a minimum, the additional unit(s) must meet the requirements for a Type A unit under ANSI Standard A117.1-2009.

2. Project Location (maximum of 15 points)

a. Aging-In-Place Initiatives

An application will be awarded up to 5 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
1. 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. Examples (any of the following):	2 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>2. 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>2 points</p>
<p>3. 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>	<p>1 point</p>

<ul style="list-style-type: none"> • Ongoing assessment of the needs and preferences of older adult residents with updated action plan; • 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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b. Service Center Community Need

Projects located in Service Center Communities with need receive 5 points.

Service Center Community			
Bar Harbor	Damariscotta	Millinocket	Rockland
Bath	Ellsworth	Mount Desert	Rockport
Belfast	Farmington	Norway	Rumford
Bethel	Houlton	Oxford	Skowhegan
Blue Hill	Lincoln	Pittsfield	Topsham
Camden	Madawaska	Presque Isle	Van Buren
Caribou	Mexico	Rangeley	Wiscasset

c. Smart Growth

Projects incorporating smart growth principles will be awarded up to 5 points.

Smart Growth Feature	Points
<p>1. Demand Response Transportation Demand Response Transportation is available to all tenants with no eligibility criteria that would limit or deny service.</p>	3 points
<p>2. Proximity to Activities Important to Daily Living The project is located within a Safe Walking Distance of not more than 1/2 mile of at least 3 Activities Important to Daily Living including at least one health care service.</p>	2 points

3. Sponsor Characteristics (maximum of 14 points)

a. Developer Capacity

Up to 4 points will be awarded based on the development experience of the applicant, any Principal thereof, or Affiliates of either as follows:

Completed at least one multifamily rental housing project with MaineHousing funding or completed at least one LIHTC Project in another state(s),	4 points
Experience developing and operating multifamily rental housing or experience managing Affordable Housing, <i>and</i> the Applicant has a contract with a qualified LIHTC consultant to develop the project, or	3 points
Experience developing and operating multifamily rental housing.	2 points

b. Owner Performance

Up to 4 points will be awarded based on the recent performance of the applicant. MaineHousing may reject the application if it determines outstanding deficiencies are not addressed, or require financial statements from the applicant, Principals thereof, or Affiliates.

Has not been 60 days or more delinquent in the payment of any MaineHousing loan since September 22, 2014 (except delinquencies resulting from the delay or loss of Section 8 housing assistance payments), declared in default by MaineHousing, nor had a municipal tax lien placed on any housing funded by MaineHousing.	2 points
No LIHTC Projects still in their Compliance Period had a year-end operating deficit, in the last full Fiscal Year, unless the operating deficit was fully funded by the Application deadline.	1 point
Was not (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, nor (b) had an IRS audit finding resulting in a recapture event, since September 22, 2016.	1 point

c. Management Capacity

Up to 3 points will be awarded if the company that will manage the project has at least

one (1) staff person with a minimum of three (3) years of experience successfully managing at least one (1) LIHTC Project.	2 points
one (1) staff person with LIHTC training for every 150 units in LIHTC Project(s) the company plans to manage.	1 point

d. Management Performance

Management companies who have proven exceptional performance in their management of LIHTC Projects still in their Compliance Period are eligible for up to 3 points as follows.

The physical plant inspections preceding the application deadline all resulted in scores of above average or better.	1 point
There were no Project Reports submitted after the applicable deadline in the last reporting period.	1 point
The Management and Occupancy Reviews preceding the application deadline all resulted in scores of above average or better.	1 point

4. Financial Characteristics (maximum of 9 points)

a. Developer Fee Contribution

An application will be awarded 3 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.

b. Below Market Capital

Points are based on Below Market Capital, relative to the Total Project Cost as follows:

Percentage of Below Market Capital to Total Project Cost	Points
\$100,000 (minimum amount) to 10%	1 point
>10%	2 points

If any Below Market Capital for which an applicant was awarded points is reduced or terminated and the project becomes infeasible, the applicant must find alternative funding with similar terms within 90 days of notification from MaineHousing or MaineHousing will re-score the application. Rescoring may result in loss of funding or developer penalties in future RFPs including the QAP.

c. Acquisition Cost

Points are based on the percentage by which the acquisition costs are less than the average acquisition costs for a project of its type as follows:

Type of Project	Average Acquisition Cost per unit
New construction	\$14,000
Adaptive Reuse	\$12,000

For purposes of this subsection, acquisition costs include

1. the purchase price for all of the land and any existing building(s) even if donated or leased to the applicant at below market value,
2. the cost of razing or demolishing any building(s) and structure(s), or any part thereof, on the project site, and
3. the Capitalized Lease Value of all leases of land or land and building(s) that are part of the project, with the exception of parking spaces.

The value of any project reserves transferred to the project as part of the acquisition and included in the purchase price will not be included for purposes of this subsection.

Percentage of Project's Acquisition Cost to Average Acquisition Cost	Points
0% to 25%	2 points
>25% up to 75%	1 point

d. Property Tax Relief

Points are based on the percentage of the project’s annual incremental property tax revenue returned to the applicant or foregone by the taxing authority as follows:

Percentage and Duration of Tax Benefit or Relief	Points
50% to <75% for at least 15 years	1 point
50% to <75% for at least 30 years	2 points
≥ 75% for at least 15 years	1 point
≥ 75% for at least 30 years	2 points

Only Tax Increment Financing, payment in lieu of taxes, abatement, or other property tax relief arrangement approved by the taxing authority and all other applicable governing entities is eligible. A project that is either a) located in a jurisdiction that does not assess property taxes or b) is exempt from property taxes will be awarded one (1) point.

Funding made possible by an Affordable Housing TIF will not be eligible unless the applicant submits a complete application for the TIF at least 30 calendar days before the applicable application deadline.

When appropriate, scoring will be based on comparisons between applications received under this RFP. Documentation received after the time of application will not be used in the scoring unless MaineHousing requested the documentation. If more than one application has the same score, the Application requesting the least amount of Deferred Debt from MaineHousing per unit will have priority.

F. Application Deadline

Applications must be received by MaineHousing no later than **5:00 P.M. Thursday, December 12, 2019.**

G. Funding Priorities

Funding will initially be awarded to the four highest scoring eligible 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) on the waiting list that can achieve feasibility with the available Deferred Debt.

H. 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.

A MaineHousing site visit is required before submitting an application. The goal of the visit is to evaluate site appropriateness, and make developers aware of potential environmental obstacles. Please contact Don McGilvery, Manager of Construction Services, at (207) 624-5721 for more information.

I. Environmental Review Requirements and Choice-Limiting Actions

MaineHousing will conduct an environmental review (ER) of all projects receiving a Notice to Proceed once a project developer has demonstrated a viable project. The ER is done under 24 CFR Part 58, which are HUD's environmental review rules applicable to a project receiving certain HUD funds, including HUD Section 8 project-based vouchers (PBVs).

When PBVs will be used for a project, HUD's environmental review rules prohibit taking choice-limiting actions relating to the project from the time that MaineHousing receives the application for financing for the project. In that case, prior to the completion of the environmental review and MaineHousing's receipt of HUD's approval of the release of the PBVs for the project, the developer and all other participants in the development process for the project are prohibited from acquiring the project site and from committing or expending any source of funds, entering into binding contracts or commitments, or taking any physical action on the project site or in connection with the project. Participants in the development process for a project include the applicant for financing and a developer or sponsor of the project and any of their affiliates participating in the project, any construction manager, general contractor, or subcontractor, and any other consultant for the project. Other parties may also be participants in the development process for a project, depending on their role.

Choice limiting actions include, but are not limited to, the following activities. Please note: (a) the list below is not all-inclusive and (b) the age or physical condition of a building or other structure is not relevant in determining whether a choice-limiting action has occurred.

- Entering into, amending, extending or renewing an option agreement that does not comply with HUD's requirements
- Entering into, amending, extending or renewing a purchase and sale agreement
- Purchasing or leasing the project site, or any part of it
- Acquiring or granting an easement
- Entering into an Agreement to Enter into a Housing Assistance Payments Contract (AHAP) or a Housing Assistance Payments (HAP) Contract
- Purchasing or otherwise procuring construction materials for the project
- Going out to bid for any work relating to the project, including but not limited to construction, rehabilitation, demolition, site work, or environmental remediation
- Demolition
- Environmental remediation, such as lead, mold, asbestos or soil remediation
- Utility or other infrastructure construction or installation, such as facilities for sewer, water, electric, gas, cable, Internet or telephone service, drainage, stormwater management, and roads and sidewalks, etc.
- Excavation, earth removal, grading, paving, filling, clearing, dredging or draining
- Construction of new buildings or other structures and construction of any addition to an existing building
- Moving, rehabilitation, renovation, alteration, reconstruction, or replacement of existing buildings or parts of existing buildings
- Burying, replacing or relocating fuel tanks or converting a heating system on the project site or off-site
- Any other activity that has a physical effect on the land or buildings on the project site

To avoid the risk of losing funding for a project because of a violation of HUD's prohibition on taking choice-limiting actions, please contact MaineHousing if you have any questions on whether a contemplated action is allowed prior to environmental clearance.

J. Non-discrimination Notice

Maine State Housing Authority does not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, marital status, 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, gender identity or expression, 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.