



**2022**

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# **Affordable Housing Initiative For Maine Islands**

mainehousing.org | 207-626-4600

## 2022 Affordable Housing Initiative for Maine Islands

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

Rental housing units must remain as rental housing for a minimum of 45 years and must be leased to full-time island residents as their primary residence.

For purposes of this program, substantial rehabilitation is defined as the acquisition and rehabilitation of an existing structure in which the cost of the rehabilitation (as deemed necessary by MaineHousing) averages at least \$50,000 per unit. Displacing tenants in existing rental housing is prohibited. Existing tenants must be allowed to remain in their units; to facilitate this, MaineHousing will allow existing tenants to remain in their units even if their income is greater than allowed by this program and MaineHousing will limit rent increases to existing tenants to no more than 5% annually for three (3) years from the date the project's rehabilitation is complete as determined by MaineHousing. Upon unit turn-over, tenant incomes and rents will be limited as described herein.

The amount awarded to the development will be the lesser of the amount necessary to achieve feasibility or the per unit limitations outlined in this offering. MaineHousing reserves the right to offer paying loans to projects that have sufficient cash flow to support such a loan in addition to any zero interest forgivable loan needed to make the project feasible.

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

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

### Program Requirements

Application submission	Applications will be accepted on a first-come, first-served basis. Projects that currently have a valid Notice to Proceed or financing commitment from MaineHousing are not eligible to apply.
Maximum Forgivable Loan amount	Up to \$840,000 per project
Maximum Forgivable Loan per unit	\$210,000. MaineHousing may in its discretion allow an organization to exceed this limit for a project with justifiable unusual and extreme costs.
Terms/Conditions	Funds disbursed under this program will be structured as zero interest forgivable loans with a mortgage on

the property. The MaineHousing mortgage will be in first lien position unless otherwise consented to by MaineHousing in writing. MaineHousing will review requests for lien subordination on a case-by-case basis.

MaineHousing will not require repayment of the forgivable loan unless one of the following events occur prior to the end of 45 years: (a) a sale, transfer, or assignment of the property; (b) the discontinuation of the intended public purpose; (c) a default under the MaineHousing documents.

#### Match Requirement

20% of the total development cost must come from non-MaineHousing sources (in-kind contributions allowable)

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

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

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

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

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

#### Affordability Requirements

Up to 120% of Area Median Income  
Term of affordability is 45 years

#### Minimum Number of Units

Two

#### Site Control

Projects must have site control.

#### Construction Standards

The site development and building construction shall comply with the Maine Uniform Building and Energy Code (MUBEC) 2015, or the newest MUBEC in effect at the time of permitting, as well as all applicable local and state codes, ordinances, and standards as evidenced by inspection reports and/or written approval from local code

enforcement officials. This applies to all municipalities within the State of Maine regardless of population size.

Growth Management

A project that involves the new construction or acquisition of newly constructed residential rental property or the conversion of existing buildings to residential rental property must comply with the State's Growth Management Law, 30-A M.R.S.A. §4349-A, as amended.

Energy Efficiency

In addition, all new construction projects must utilize all electric equipment and systems such as heat pump(s), resistance heat, variable refrigerant flow, variable frequency drives or other non-fossil fuel systems for heating, domestic hot water, cooking and any cooling needs.

Eligible Islands

Chebeague, Cliff, Frenchboro, Great Cranberry, Great Diamond, Isle au Haut, Islesboro, Islesford, Long, Matinicus, Monhegan, North Haven, Peaks, Swans, and Vinalhaven.

Rules and Regulations

Chapter 29 of MaineHousing's Rules, Multifamily Development and Supportive Housing Loans and Grants

**Submission Requirements**

The application (Appendix A) shall be complete and shall include the Application Proforma (available at <https://mainehousing.org/islands>).

The application must be emailed to Kelly Purington ([kpurington@mainehousing.org](mailto:kpurington@mainehousing.org)) at Maine State Housing Authority.

Please contact [MFDev@mainehousing.org](mailto:MFDev@mainehousing.org) if you have any questions or need additional information.

**MaineHousing Non-Discrimination Policy**

*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: Lauren Bustard, Maine State Housing Authority, 26*

*Edison Dr., Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.*

**Approved:**

A handwritten signature in black ink that reads "Daniel E. Brennan". The signature is written in a cursive style with a long horizontal line extending to the right from the end of the name.

Daniel E. Brennan

Director

May 4, 2022

**AppendixA  
Application**

I am aware that this Application must be signed and complete, including required exhibits and attachments as noted.

To the best of my knowledge, all information contained in this application and its supporting exhibits and attachments is true and correct. I also hereby authorize the Maine State Housing Authority (“MaineHousing”) to evaluate the application in such manner as MaineHousing deems necessary, including discussing this application with any lender, municipal official, vendor, or other party with an interest in this property or project.

I hereby authorize MaineHousing to verify any bank or other fund balance indicated on any personal or organizational financial exhibit, to investigate credit, employment or business standing of that or any related party, to disclose any aspect of the financial information to any person but only for the purpose of determining the accuracy of the information or otherwise investigate and evaluate the application in such manner as MaineHousing deems necessary.

I certify that neither the owner/applicant, its principals or partners is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any HUD programs.

Neither the applicant, nor any principal or affiliate of the applicant, nor anyone who will be paid for work on the program has business ties, familial relationships, or other close personal relationships with a current MaineHousing employee or commissioner or anyone who was a MaineHousing employee or commissioner within the past year except as follows:

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Applications must be signed by all principals (Individual, Partner, General Partner or Corporate representative authorized to bind the company) in the applicant entity.

*NAME of DEVELOPER [if applicable]*

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

No application for financing will be accepted or approved by MaineHousing if the applicant, or any entity controlled by the applicant, is more than 60 days delinquent on any loan with MaineHousing, or has been declared in default of such loan, unless either an approved payment or workout plan is in place and in good standing.

**UNSIGNED APPLICATIONS WILL NOT BE ACCEPTED**