2010 Affordable Housing Initiative for Maine Islands

MaineHousing is making $2 million in grant 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 15 years before they can be converted to homeownership.

For purposes of this RFP, substantial rehabilitation is defined as the acquisition and rehabilitation of an existing structure in which the cost of the rehabilitation (as determined by MaineHousing) averages at least $25,000 per unit.

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.

Applicants must comply with all of the requirements of the Rental Loan Program not specifically addressed in this document. The Rental Loan Program Guide can be found at MaineHousing’s website www.mainehousing.org.

MaineHousing reserves the right to suspend or terminate the Program at any time and to cease processing any project application prior to issuing a financing commitment. MaineHousing is under no obligation to finance a project until a financing commitment 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 have a valid Notice to Proceed or financing commitment from MaineHousing are not eligible to apply.

Maximum Grant amount: Up to $400,000 per project

Grant Terms/Conditions: Funds disbursed under this program will be structured as non-interest bearing performance grants. Performance will be enforced through a forgivable
note and a mortgage on the property. The MaineHousing mortgage will be in first lien position unless otherwise concurred 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 performance grant unless one of the following events occur prior to the end of 30 years: (a) a sale, transfer, or assignment of the property (except for a sale to a tenant for homeownership after 15 years); (b) the discontinuation of the intended public purpose; (c) a default under the MaineHousing documents.

Maximum Grant per unit $175,000. MaineHousing may in its discretion allow an organization to exceed this limit for a project with unusual and extreme costs.

Match Requirement 20% 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 30 years
Plans to convert any rental units to homeownership after 15 years require MaineHousing’s prior approval.

Minimum Number of Units Two

Site Control Projects must have site control.
Eligible Islands Projects must be located on one of the following islands: Chebeague, Cliff, Frenchboro, Great Cranberry, Isle au Haut, Islesboro, Islesford, Long, Matinicus, Monhegan, North Haven, Peaks, Swans, Vinalhaven.

The following rules and guidelines apply: MaineHousing’s Rental Loan Program Guide (to the extent not in conflict with this Program), Chapter 16 of MaineHousing’s Rules, Allocation of State Ceiling for Low-Income Housing Tax Credit (if applicable), and Chapter 29 of MaineHousing’s Rules, Multifamily Development and Supportive Housing Loans and Grants.

Submission Requirements

The application must be mailed or hand-delivered to Maine State Housing Authority. MaineHousing’s address is 353 Water Street, Augusta, Maine, 04350-4633. The application shall be complete and shall include the Rental Loan Program/Low Income Housing Tax Credit Application form (available www.mainehousing.org), the Applicant Conflict of Interest Disclosure Form and a Request for Inducement, which request shall include both tax-exempt debt and subsidy amounts.

Please contact Bill Glover in the Development Department at (207) 626-4634 if you have any questions or need additional information.