

# National Housing Trust Fund Allocation Plan

---

State of Maine

Plan Year 2017

Prepared by

Maine State Housing Authority

August 2017

## Contents

Introduction.....	2
Expected Resources .....	2
Eligible Recipients.....	2
Eligible Applications .....	3
Eligible Activities .....	4
Recipient Application Requirements.....	4
Performance Goals and Benchmarks.....	4
Maximum Per-Unit Development Subsidy Amount .....	5
Rehabilitation Standards.....	5
Resale and/or Recapture Provisions.....	6
HTF Affordable Homeownership Limits .....	7
State Limited Beneficiaries or Preferences .....	7
Refinancing of Existing Debt .....	7
Grantee Certifications .....	7
Required Forms .....	7
Public Consultation.....	7
Input from Public Hearing and Written Comments.....	7

## Introduction

The National Housing Trust Fund (HTF), funded with a percentage of overall GSE business from Fannie Mae and Freddie Mac during calendar year 2016, will provide the State of Maine with a formula allocation of \$3 million in 2017 to create housing affordable to extremely low income (30% or less of Area Median Income) households for a minimum of 45 years. MaineHousing will administer these funds for the State of Maine. Although HTF regulations allow funds to be used for both homeownership and rental housing, Maine will limit the use of these funds to affordable rental housing due to high demand for rental housing affordable to extremely low income households. HTF resources will be distributed first through a specific Request for Proposals process. Funds remaining after the competitive RFP process may be distributed by MaineHousing to successful applicants under the 2018 Qualified Allocation Plan for Low Income Housing Tax Credits which awards a point to applicants who agree to accept an HTF allocation. The RFP will be posted on the MaineHousing web site.

This HTF Allocation Plan describes how MaineHousing intends to distribute the HTF funds, including how the HTF funds will be used to address the State of Maine's priority housing needs, what activities may be undertaken with HTF funds, and how recipients and projects will be selected.

This Plan was developed with input from our partners, stakeholders, and low income households solicited during a consultation period as well as a public comment period, and finalized through a public hearing process.

## Expected Resources

The FY 2017 HTF Allocation Amount is \$3,000,000, of that \$2,700,000 is for direct investment in unit production. HUD regulations allow MaineHousing to use up to ten percent (\$300,000) of the state allocation for reasonable costs to administer the HTF. There is a \$900,000 per project maximum allocation.

Funds remaining after distribution under the competitive process may be distributed by MaineHousing to successful applicants under the 2018 Low Income Housing Tax Credit Qualified Allocation Plan that were awarded a point for agreeing to accept an HTF allocation.

## Eligible Recipients

MaineHousing will distribute HTF funds via a competitive process that will allow for the following eligible recipients:

- Not-for-profit organizations
- Municipalities
- Tribal Housing Authorities
- Public housing authorities
- Successful LIHTC applicants

Individuals are not eligible to receive direct assistance from the HTF.

The State does not intend to use sub-grantees in the 2017 funding cycle

## Eligible Applications

MaineHousing will distribute HTF funds through a competitive process by selecting applications that are submitted by eligible recipients. MaineHousing will issue a Request for Proposals to eligible applicants that will assign scoring based upon a combination of the required selection criteria located at 24 CFR§91.320[k][5] and selection criteria adopted by MaineHousing. The selection criteria will be included in the Request for Proposals and will include all of the following (listed in order of highest priority to least priority):

Threshold Criteria: (Required for the application to be eligible)

*For rental housing, the duration of the units' affordability period*

MaineHousing will require that affordability be for a 45 year term. The affordability requirements will be outlined in a deed covenant that will be recorded in the applicable registry of deeds.

### Selection Criteria

*1) Applicant's ability to undertake eligible activities in a timely manner*

Applicants will be evaluated on their development capacity; their experience with public sector housing development programs; and their track-record for developing projects successfully within a reasonable time-frame.

*2) The extent to which the application makes use of non-federal funding sources*

Applicants will be evaluated on the quantity, quality and timeliness of leveraged non-federal funding (other than market rate loans and other MaineHousing resources) that will be committed to the proposed project.

*3) Priority based upon geographic diversity*

MaineHousing will regard the entire State of Maine as the eligible area for purposes of the HTF. Applicants will receive additional scoring points for projects that will be developed in locations that have been designated as high opportunity areas as set forth in MaineHousing's Housing Trust Fund 2018 Request for Proposals, or areas that have not recently received new affordable housing.

*4) Degree to which applicants will expand the number of adaptable and accessible units in the State.*

Applicants will be evaluated on the number of newly accessible or adaptable units which will be created as a result of the applicant's development proposal.

*5) Degree to which the applicant will serve homeless people.*

Applicants will receive scoring points for projects that serve the homeless population.

6) *Applicants ability to obligate HTF funds*

Applicants will be evaluated on project readiness, including items like local approvals, architectural plans and site control.

7) *The merits of the application in meeting the State's priority housing needs*

All applications will be required to address one or more of the following Consolidated Plan priorities: Improve Housing Quality, Expand the Supply of Affordable Housing, and/or Help Maine People Attain Housing Stability

8) *For rental housing, the extent to which the project has Federal, State or local project-based rental assistance to ensure rents are affordable to extremely low-income families.*

MaineHousing may make Section 8 Housing Choice Vouchers available on a “project-based” basis for eligible units funded with HTF.

Applicants will receive additional scoring points for projects that include project based vouchers from other Housing Authorities.

### **Eligible Activities**

MaineHousing will require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds as required in §93.200. An eligible activity will be one of the following:

- Acquisition and rehabilitation of existing housing units
- Adaptive re-use of existing buildings or new construction of rental housing units

### **Recipient Application Requirements**

MaineHousing will require that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements. The certification will be included in the application package for the HTF Request for Proposals.

### **Performance Goals and Benchmarks**

MaineHousing anticipates committing funds to 15 to 20 housing units within twelve months of receiving an award of the funds from HUD; the units will be completed within two years of commitment.

## Maximum Per-Unit Development Subsidy Amount

In order to provide enough funding for the construction and/or rehabilitation of affordable housing units that are livable, accessible and durable, the HTF cost limits are aligned with Maine’s HOME program limits, and are based on unit type. This ensures that the subsidy maximizes the number of units while adequately funding them to address Maine’s housing needs and priorities.

Unit Type	Unit Maximum Subsidy Amount
Efficiency/Studio	\$141,089.00
1 Bedroom	\$161,738.00
2 Bedroom	\$196,673.00
3 Bedroom	\$254,431.00
4 Bedroom	\$279,286.00

MaineHousing will award additional scoring points to projects that spend less than the maximum subsidy amount of HTF per unit.

There is a \$900,000 per project maximum allocation.

## Rehabilitation Standards

MaineHousing will utilize the 2016 MaineHousing Quality Standards and Procedures Manual (attached and located on the MaineHousing website) to ensure that the rehabilitation standards located at §93.301[b] are met for all housing units rehabilitated with HTF funds. In addition to the standards, codes, and regulations covered in the MaineHousing Manual, MaineHousing will further require that:

- The project team shall provide an estimate (based on age and condition) of the remaining useful life of the major building systems upon project completion. Major systems include: structural support, and roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.
- For multifamily housing with 26 or more total units, the useful life of systems must be determined through a capital needs assessment that determines the work to be performed and identifies the long-term physical needs of the project.
- If the remaining useful life of one or more major system is less than the applicable period of affordability, MaineHousing will ensure that a replacement reserve is established and that adequate monthly payments are made to repair or replace the systems as needed.

At the onset of any project, MaineHousing will conduct on-site inspections with qualified UPCS inspectors on staff to identify any deficiencies from HUD’s Uniform Physical Condition Standards (UPCS). Any such deficiencies will be addressed in the renovation scopes of work. Follow-up inspections will be conducted at the completion of the project to assure any and all identified deficiencies have been properly addressed. (See MH Appendix A – UPCS Inspectable Items and Observable Deficiencies)

### Lead-based Paint

Unless a property or housing unit is exempt from HUD's lead-based paint regulations at 24 CFR Part 35, as provided in §35.115, MaineHousing will require the following for rehabilitation activities assisted with HTF funds:

1. Prior to the start of any rehabilitation work at a project site, a lead-based paint (LBP) risk assessment by a Lead Risk Assessor certified by the Maine Department of Environmental Protection (the Maine DEP), and paint testing on painted surfaces to be disturbed or replaced during rehabilitation activities, including housing units, common areas servicing the units and exterior painted surfaces, will be conducted in accordance with the Part 35 requirements and established protocols under the Maine DEP's Lead Management Regulations – Chapter 424 (Maine DEP Lead Regulations), including a written report with findings, conclusions and recommendations.
2. If the LBP risk assessment indicates the presence of LBP, the Part 35 provisions for the level of federal rehabilitation assistance applicable to the project, and any related requirements of the Maine DEP Lead Regulations, will apply to the project, as follows:
  - a. Projects receiving an average of \$5,000 or less per unit in federal rehabilitation assistance.
  - b. Projects receiving an average of over \$5,000 but no more than \$25,000 per unit in federal rehabilitation assistance.
  - c. Projects receiving an average of more than \$25,000 per unit in federal rehabilitation assistance
3. Ongoing LBP maintenance and re-evaluation in accordance with §35.1355 will be required if LBP has been identified on a project site.

### Disaster Mitigation

Maine is not in an area prone to natural disasters. However, MaineHousing's building standards require design features that are conducive to the construction of long-lasting and durable housing that takes into full consideration the potential risks of the surrounding natural environment.

### **Resale and/or Recapture Provisions**

MaineHousing does not intend to use HTF funds to assist first-time homebuyers. This section is not applicable.

### **HTF Affordable Homeownership Limits**

MaineHousing does not intend to use HTF funds to assist first-time homebuyers. This section is not applicable.

### **State Limited Beneficiaries or Preferences**

MaineHousing does not intend to limit beneficiaries to any segments of the extremely low income population. MaineHousing intends to design the HTF Request for Proposals to enable applicants to target housing for special needs and/or homeless populations or other subpopulations. However, MaineHousing will not require that applicants serve selected sub-populations. MaineHousing will award additional scoring points to applicants serving the homeless population.

MaineHousing will require that all units that receive financial assistance from the HTF be affordable to households with incomes at or below 30% of the Area Median Income. This affordability restriction will be outlined in deed covenants that will remain in place for 45 years from the date that the HTF funds are disbursed. This affordability restriction will not be contingent upon any outstanding HTF funding.

### **Refinancing of Existing Debt**

Not applicable. Maine will not use HTF funds for refinancing of existing debt.

### **Grantee Certifications**

MaineHousing will attach all required certifications identified at §91.225 for purposes of the HTF.

### **Required Forms**

MaineHousing will attach the following:

- Standard Form 424 – Application for Federal Assistance
- Standard Form 1199A – Direct Deposit Sign Up Form

### **Public Consultation**

Public consultation for the development of the State of Maine 2017 NHTF Allocation Plan included meetings with stakeholder groups, multiple public hearings and a thirty day public comment period.

### **Input from Public Hearing and Written Comments**

On June 29, 2017 the draft Allocation Plan was posted for public comment. A thirty day public comment period on the Allocation Plan ended on July 31, 2017.

On July 20, 2017 a public hearing was held to accept comments on the draft Allocation Plan. The hearing was held in Augusta at 9:30am.