

FUNDING SOURCES FOR AFFORDABLE HOUSING IN HANCOCK COUNTY, MAINE



September 2011

Prepared by: Hancock County Planning Commission,
395 State Street
Ellsworth, ME 04605
www.hcpeme.org
voice: 207-667-7131 Fax: 207-667-2099

Prepared with the Maine Department of Economic and Community Development.
Opinions Expressed herein are not necessarily those of the funding agency.

SOURCES OF MATCHING FUNDS FOR HOUSING DEVELOPMENT OR REHABILITATION PROJECTS, 2011-2012

Introduction

Many groups in Hancock County are working on efforts to create affordable housing or rehabilitate substandard housing. This brochure serves as a short summary of various funding sources. Normally, multiple funding sources are needed to make a project viable. For more information contact Tom Martin at the Hancock County Planning Commission (667-7131 or tmartin@hcpcme.org). Also, visit the agency web site at: <http://www.hcpcme.org/comdev.html>

WASHINGTON HANCOCK COMMUNITY AGENCY

Telephone: (207-546-7544)

Website: <http://www.whcacap.org/house-and-home/index.php>

Agency Purpose:

Washington Hancock Community Agency is a community action agency dedicated to fighting poverty and helping low-income people in Down East Maine. It offers a wide range of services including heating assistance, transportation, weatherization, small business assistance, tax preparation and more. WHCA brings community resources together to help people in Washington County and Hancock County achieve self-sufficiency and a better quality of life.

It provides the following housing services in conjunction with Maine State Housing Authority (MaineHousing):

1. Maine Home Repair Network

The Maine Home Repair Network provides 1% mortgages or 0% deferred/forgivable mortgages (i.e. 0% interest rate with no monthly payment) to low-income homeowners for necessary home repairs. With just one application, you can apply to both state and federal programs that fund renovations or repairs such as:

- Wells and septic system repairs or replacements
- Heating and electrical system repairs
- Roof and chimney repairs
- Structural repairs

- Lead paint mitigation
- Repair or replacement of windows and doors
- Energy efficiency improvements
- Repair or replacement of siding
- Handicap accessibility improvements
- Other health and safety repairs

In cases where home repair is not feasible, home replacement may be an option. The Home Repair Network is a collaboration of MaineHousing and the Department of Economic and Community Development (DECD), USDA, Rural Development, U.S. Department of Housing and Urban Development (HUD) and Maine's Community Action Program agencies. The Home Repair Network helps approximately 300 low-income Maine families pay for necessary home repairs each year.

2. Lead Hazard Control Program.

This program provides 0%, deferred, forgivable loans (no interest and no monthly payment) to make lower-income homes lead safe.

3. Weatherization Program

MaineHousing's Weatherization Program and Central Heating Improvement Program (CHIP) provide grants to low-income homeowners and renters to improve home energy performance.

MAINE STATE HOUSING AUTHORITY

Telephone: 1-800-452-4668

Website: <http://www.mainehousing.org/>

Agency Purpose:

MaineHousing is an independent state agency that bridges public and private housing finance, combining them to benefit Maine's low and moderate-income people. MaineHousing brings millions of new private and federal housing funds to Maine annually to create safe, affordable, warm housing. The mission of the Maine State Housing Authority is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs. In carrying out this mission, MaineHousing will provide leadership, maximize resources, and promote partnerships to develop and implement sound housing policy.

It provides the following programs:

a. Low Income Housing Tax Credit

The federal Low Income Housing Tax Credit (LIHTC) provides subsidy in the form of a federal tax credit to developers of affordable rental housing. Developers using funding must reserve a portion of the rental units for lower income renters. MaineHousing allocates the LIHTC to developers who sell (syndicate) the tax credit to corporate investors. The money this raises is used as equity in the rental housing project. The LIHTC can be linked with other financing through MaineHousing's [Rental Loan Program \(RLP\)](http://www.mainehousing.org/programs-services/Development/DevelopmentDetail?ProgramID=51). For more information see: <http://www.mainehousing.org/programs-services/Development/DevelopmentDetail?ProgramID=51> .

b. Rental Loan Program

The Rental Loan Program (RLP) provides low interest rate, long-term mortgage financing to qualified private and nonprofit developers of affordable rental housing. The RLP may be used for acquisition, rehab, or new construction of apartment buildings of five or more units. Developers must reserve a portion of the units for lower income renters. For more information, see: <http://www.mainehousing.org/programs-services/Development/DevelopmentDetail?ProgramID=45>

c. Revolving Loan for Acquisition Program

The Revolving Loan for Acquisition Program provides loans up to \$300,000 to assist developers in the acquisition of land or land and buildings for the development of affordable housing projects. Eligible projects include those that qualify and have applied (or will apply) to the tax credit financing programs, and projects that will create supportive housing units for people with special needs. The loan term is 24 months, and repayment is deferred until the project's permanent loan closing or the end of the term. For more information, see: <http://www.mainehousing.org/programs-services/Development/DevelopmentDetail?ProgramID=58>

d. Affordable Housing Tax Increment Financing

The Affordable Housing Tax Increment Financing (AHTIF) Program enables communities to dedicate the incremental tax revenues from new affordable housing development to help make the housing affordable or to pay for related costs. For more information, see: <http://www.mainehousing.org/programs-services/Development/DevelopmentDetail?ProgramID=27>

e. Supportive Housing Program

The Supportive Housing Programs (SHP) provide reduced interest rate debt financing and subsidy funds to eligible nonprofit developers to create affordable housing for low-

and very low- income persons with special needs. Financing may be used to purchase, purchase and rehab, or construct facilities such as transitional housing, group homes, emergency shelters, and supported or independent apartments. For more information, see: <http://www.mainehousing.org/programs-services/Development/DevelopmentDetail?ProgramID=55>

USDA HOUSING LOANS AND GRANTS

Telephone: 207-990-3676

Website: http://www.rurdev.usda.gov/me/RHP_CF.htm

Agency Purpose:

Rural Development is a division of the United States Department of Agriculture comprised of the [utilities programs](#), [business-cooperative programs](#), and the [housing programs](#). These three program areas provide a variety of financial services to communities and individuals in the state of Maine.

The agency's goal is to work with other federal, state, and local groups to enhance the quality of life in rural Maine. It provides financing for many different programs that benefit the citizens of rural Maine. Multi-family housing programs provide apartments for families and senior citizens. Hundreds of families have become homeowners, most for the first time. For single family homes in Hancock County the 2011 Rural Development Loan Limit is \$180,000.

Single Family Housing programs include:

1. **[Section 502 Guaranteed Loans](#)** - Loans are made by mortgage lenders and guaranteed by USDA Rural Development to low and moderate income applicants to buy or build homes (30-year fixed interest rate) in rural areas of Maine.
2. **[Section 502 Direct Loan Program](#)** - Low interest loans are made directly by Rural Development to applicants whose incomes are less than 80 percent of the median income for the area. This program is focused toward purchasing modest housing, constructing new homes, or repairing pre-owned dwellings, located in rural areas of Maine.

3. [Section 504 Direct Loan Program](#) - Loans are made at 1 percent interest rate to repair, improve, or modernize modest single family homes in rural areas, making homes safer or more sanitary, or to remove health and safety hazards. Applicants' incomes must be less than 50 percent of the median income for the area.
4. [Section 504 Grant Program](#) - For homeowners 62 years old or older who cannot repay a loan, grant funds are available to remove health or safety hazards, or remodel dwellings to make them accessible to household members with disabilities.
5. [Mutual Self-Help Housing Program](#) - Low interest loans are made directly by Rural Development to applicants whose incomes are less than 80 percent median income for the area. This program is focused toward constructing modest new homes, through a group effort, in rural areas of Maine.

[Direct Single-Family Housing Income Limits](#) If you are not reading this on-line contact the HCPC or Rural Development for this information.

Multi-Family Housing Loans and Grants Include:

1. [Section 515 Direct Loans](#) - Loans made by USDA Rural Development to build or repair elderly or family apartment style housing in rural areas for very-low, low and moderate income residents. Up to 102 percent of the appraised value or development costs, whichever is less, can be borrowed by non-profits and up to 97 percent can be borrowed by limited profits.
2. [Section 538 Guaranteed Loans](#) - Loans made by mortgage lenders and guaranteed by USDA Rural Development covering up to 90 percent of development cost of apartment style housing in rural areas. Guaranteed housing residents' income can be up to 115 percent of median income.
3. [Section 533 Housing Preservation Grants](#) - Grants made by USDA Rural Development to not-for-profit entities to operate a program which finances repair and rehabilitation activities to individual housing and rental properties for very-low and low-income property owners.
4. [Section 514 and 516 Farm Labor Housing Loans and Grants](#) - Loans and Grants made by USDA Rural Development to public bodies, not-for-profit entities or individuals to finance living units for domestic seasonal or year-round resident farm labor.

HANCOCK COUNTY HABITAT FOR HUMANITY

Telephone: 207-667-8484, 207- 667-3082

Website: <http://www.hancockcountyhabitat.org/>

Agency purpose:

Hancock County Habitat for Humanity is a locally run affiliate of [Habitat for Humanity International](#), a non-profit, ecumenical Christian housing organization. Habitat for Humanity works in partnership with people in need to build and renovate decent, affordable housing. The houses then are sold to those in need at no profit and with no interest charged.

MAINE OFFICE OF COMMUNITY DEVELOPMENT

Telephone: 207-624-7484

Website: <http://www.meocd.org/>

Agency Purpose:

The Office of Community Development is a division within the Department of Economic and Community Development (DECD). The primary focus of OCD is the administration of the HUD funded Community Development Block Grant (CDBG) Program. Hancock County Planning Commission serves as the designated technical assistance provider for CDBG programs in the HCPC service area. For details on application and match requirements, contact Tom Martin at the HCPC.

Housing Programs include:

1. Housing Assistance Grants:

The Housing Assistance Grant Program (HA) provides funding in to address housing problems of low and moderate-income (LMI) persons. Eligible activities are those directly related to assisting or creating residential housing units including Acquisition, Code Enforcement, Conversion of Non-Residential Structures, Demolition, Historic Preservation, Housing Rehabilitation, New Housing Construction as allowed by HUD regulations, Relocation Assistance, and Removal of Architectural Barriers.

Maximum grant award: \$300,000.

2. Public Infrastructure Category 2:

Provides funding for infrastructure in support of new LMI affordable fully financed housing

Maximum Grant Award: \$500,000

3. Development Fund Housing Program

The Development Fund Housing Loan program (DFHL) provides funding for communities forming partnerships with local non-profit housing development organizations to carry out activities leading to the development of affordable housing opportunities for low-to-moderate income (LMI) persons. Eligible activities in the DFHL are acquisition, demolition, site work, construction, renovations, public infrastructure and funding mechanisms directly related to the creation of affordable LMI housing units.

All communities applying for DFHL funds must demonstrate they will provide a direct cash match of at least 20 percent of the total CDBG grant award. This must be reflected on the Matching Funds Table contained DFHL application package. Firm letters of commitment for all cash matching funds must be attached to the table. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

4. Community Planning Grant

The Community Planning Grant (CPG) Program provides funding to communities or community partnerships that have clearly identified a local community or economic development problem and lack the resources to develop a strategy for solving that problem. Funds can be used to conduct housing needs assessments.

Maximum Grant Amount: \$10,000

