



2024 4% LIHTC Program

Request for Proposals



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INTRODUCTION

The Maine State Housing Authority (“MaineHousing”) is making \$14,560,000 of funding from the State of Maine Fiscal Year Ending June 30, 2024 General Fund budget available as zero interest deferred debt to be used to leverage other public and private funds for the creation of affordable multifamily rental housing. All projects must be eligible for, and utilize, proceeds of tax-exempt facility bonds issued pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”) and the 4% Low Income Housing Tax Credits (“LIHTC”) generated by the tax-exempt bonds. Funds must be used for the construction of new multifamily affordable rental housing units through new construction or the adaptive reuse of existing structures. Projects funded under this program must use general contractors that agree to (i) make a good faith effort to promote workforce diversity, including diversity with regard to race and gender and (ii) comply with Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1992, if required by the Project’s funding sources.

Funding under this program is available for eligible Projects on a competitive basis until such time as the resources allocated to this program are exhausted or are insufficient to fund an eligible Project. Applications for eligible Projects will be scored and ranked according to the scoring criteria set forth in this program.

In addition to requirements specified in this document, projects must comply with MaineHousing’s [2025 Rental Loan Program Guide](#) (the “RLP Guide, MaineHousing’s [2025-2026 Qualified Allocation Plan](#) (“QAP”)], MaineHousing’s [Multi-family Mortgage Loans Rule](#) Section 142(d) of the Code and associated regulations regarding the use of tax-exempt bond proceeds, and Section 42 of the Code and associated regulations regarding the 4% LIHTC. Unless indicated otherwise, capitalized terms have the same definitions set forth in the 2025-2026 QAP.

ELIGIBLE PROJECTS

Projects must meet the following requirements.

1. The Project must create new affordable rental housing units for low-income households through new construction or the adaptive re-use of an existing building. Neither acquisition and rehabilitation of existing housing, nor demolition of currently habitable housing for new construction on the same site is allowed.
2. At least 50% of the units must be available for rent by persons who earn 60% or less of the area median income (“AMI”) for a period of 45 years (the “credit units”).

Projects that have a Notice to Proceed from another MaineHousing program are not eligible to apply.

MaineHousing reserves the right to reject any application from a developer who has not shown capacity to move existing applications through the development pipeline, has submitted projects that are currently stalled due to material funding gaps, or is in default of any obligations owed to MaineHousing.

FUNDING SOURCES

MaineHousing may make available one, some, or all of the following resources under the Rental Loan Program:

- Proceeds of tax-exempt facility bonds issued pursuant to Section 142(d) of the Code
- 4% LIHTC
- State appropriation from Fiscal Year Ending June 30, 2024 General Fund budget
- Other sources made available by MaineHousing

MaineHousing may suspend or terminate this program at any time, reject or cease processing any application prior to closing, and award all, a portion of, additional, or none of the available Deferred Debt.

CONSTRUCTION FINANCING

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 pursuant to a competitive scoring selection process. MaineHousing reserves the right to request that Affordable Housing Program loans or subsidized advances be returned if they increase the need for MaineHousing zero interest deferred debt. All tax-exempt debt must be secured by a first lien mortgage and security interest in the Project and related personal property.

ZERO INTEREST DEFERRED DEBT

MaineHousing is making Zero Interest Deferred Debt available for the credit units in eligible projects. The amount awarded to a project will be limited to the lesser of:

1. The per credit unit amounts listed in the table below, based on geographic location and construction type,

Counties/HFMA	New Construction/ Adaptive Reuse	Historic Adaptive Reuse
Cumberland, Sagadahoc, and York	\$118,000	\$88,000

Androscoggin, Hancock, Kennebec, Knox, Lincoln, and Bangor HMFA	\$142,000	\$118,000
Aroostook, Franklin, Oxford, Penobscot (exc. Bangor HMFA), Piscataquis, Somerset, Waldo, and Washington	\$160,000	\$142,000

2. The amount necessary for the Project to achieve feasibility.

3. A total project cap of \$6,000,000.

UNDERWRITING CRITERIA

Construction Financing Terms

4.5% interest rate per year plus a 1.75-point origination fee on the total construction loan, subject to change based on market conditions at the time the tax-exempt facility bonds are issued. Construction financing 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.

Debt Financing Terms

- The source of funding for all debt for Projects under this program will be proceeds from the issuance of qualified tax-exempt facility bonds pursuant to Section 142(d) of the Code.
- 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.
- Debt cannot be prepaid during the term of the loan.

Zero Interest Deferred Debt Terms

- Loans will be structured as non-interest deferred payment loans 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 Zero Interest Deferred Debt. Applicants must first maximize all other resources available for the Project.
- The amount of Zero Interest 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. Additionally, at no time will the amount of Zero Interest Deferred Debt exceed the amount originally requested in the Application.
- Maximum tax credit rents will be used for credit-eligible units to determine the need for Zero Interest 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 resources to support the greater affordability. Additionally, MaineHousing may require deeper affordability to make efficient use of funding sources.
- Projects will be required to maintain the rents used in underwriting if lower than tax credit rent maximums.
- Net Developer Fee. The amount of Developer Fee not deferred may not exceed \$750,000. This does not include any unused construction contingency that is returned to the Applicant after completion.

Construction Cost Increases

MaineHousing intends to award the entire limited amount of available subsidy to create as many housing units as possible and therefore will not have additional non-paying resources to add to Projects.

APPLICATION PROCESS

Pre-Application Submission. Each Project must undergo a mandatory Pre-Application review by MaineHousing to assess its feasibility, suitability for housing, and eligibility for Credit. Applicants must submit the information and documents set forth in **Appendix A** with the non-refundable pre-application fee of \$2,000 to MaineHousing by Thursday February 20, 2025. Applicants that submitted a Pre-Application for the 2025 9% LIHTC program may revise documents to adjust for the guidelines under this program and re-submit with the non-refundable pre-application fee of \$2,000.

An Applicant will not be eligible for Credit if:

1. It fails to provide a complete Pre-Application submission in accordance with this subsection, or

2. There is any material change in the Project between the Pre-Application submission and the Application unless required by MaineHousing.

Application Submission. Applications must include all documents set forth in **Section 5 of the QAP** and any applicable fees to MaineHousing by Thursday, April 3, 2025. The Application must be completed and submitted electronically in the form and manner prescribed by MaineHousing. MaineHousing may require the Applicant to submit additional information.

FEES

- \$2,000 per pre-application. Due at pre-application submittal.
- \$1,000 Multifamily Application Fee (if applying for Taxable Debt, Tax-exempt Debt and/or Subsidy). Due at application.
- \$2,500 Application for LIHTC Fee. Due at application. Non-refundable.
- 7.5% LIHTC Allocation Fee on the annual credit amount. Due at Permanent Loan Closing (“PLC”).
- \$2,000 Commitment Fee. Due at Construction Loan Closing.
- 1.75% Origination Fee on the total construction loan. Due at Construction Loan Closing.
- LIHTC monitoring fee (\$1,000 per LIHTC unit). Due at PLC.

SCORING AND SELECTION PROCESS

Applicants must submit all required documentation and information in order to be eligible for points.

Project Characteristics

- A. Rehabilitation or reuse of an existing structure or site. **4 Points**
 1. Rehabilitation, remediation, or reuse of an existing building or structure that has a current use other than multifamily rental housing;
 2. Building on a site left vacant or nearly vacant in the development of a downtown or other city or town center, such as vacant lots or parking lots abutting commercial buildings and/or multifamily rental housing;
 3. Demolishing uninhabitable housing and building on the site; or
 4. Other sites specifically designated by a municipality for redevelopment to renew a blighted area.

Vacant lots in single-family residential areas are not eligible for points under this subsection. Undeveloped portions of existing sites are not eligible for points unless the existing project on the site previously satisfied one of the above criteria.

- B. Historic Rehabilitation. **4 Points**

1. The Project includes the rehabilitation of a certified historic structure that is appropriate for housing, as determined by MaineHousing, using capital contributions generated from federal and state historic rehabilitation tax credits.

C. Readiness. **20 Points**

MaineHousing must approve both the design to be submitted to the municipality and the State and the final design, including all plans, details, and specifications. The Project and any Related Developments must have all:

1. Municipal land use approvals (except building and other permits customarily issued during construction); and
2. State land use approvals (such as site plan, subdivision, storm water, or wetlands approvals) required to proceed with and complete construction.

D. Accessibility. **Up to 6 Points**

One (1) point for each unit that

1. Exceeds the minimum number of such units required by applicable federal and state accessibility laws, and
2. Meets the requirements for Type A unit under ANSI Standard A117.1-2009.

Financial Characteristics

E. Use of Zero Interest Deferred Debt. **Up to 8 Points**

Points are based on the percentage of the total allowable zero interest deferred debt requested by the applicant. As noted above, no additional zero interest deferred debt above the amount requested in the application will be provided.

Percentage of Total Allowable Zero Interest Deferred Debt Requested	Points
0% to 50%	8 points
51% to 70%	6 points
>71% to 90%	4 points

Project Location

F. Community Revitalization. **Up to 3 Points**

Two (2) points if the Project is located within the boundaries of, and contributes to, the revitalization goals and efforts identified in a Community Revitalization Plan.

One (1) additional point if the Project is also located in a QCT and at least 20% of the units are market rate.

G. Smart Growth. **Up to 5 Points**

Smart Growth Feature	Points
<p>Access to Public Transportation. The Project is located within a Safe Walking Distance (1/2 mile or less) of a designated pick-up location for existing fixed-route Public Transportation.</p> <p>OR</p> <p>Demand Response Transportation. Demand Response Transportation is available to all tenants with no eligibility criteria that would limit or deny service.</p>	<p>5 Points</p>

Sponsor Characteristics

Scoring criteria H-K will be based upon MaineHousing’s experience with the entities involved, research of the entities’ recent work, and a relative comparison with other entities that are scored in this round of applicants. Developers and managers will not be penalized for past circumstances deemed to be beyond their control.

H. Developer Capacity.

Up to 5 Points

Points are based on the development experience of the Applicant, any Principal thereof, or Affiliates of either. Contributing factors may include but are not limited to:

- Successful completion of LIHTC projects
- Successful development of non-LIHTC rental housing
- The number of projects currently in MaineHousing’s Development pipeline
- Delivery of projects in a timely fashion
- Delivery of projects on budget
- Timely and accurate responses to MaineHousing requests

I. Owner Performance.

Up to 5 Points

Points are based on the recent performance of the Applicant, any Principal thereof, or Affiliates of either. Contributing factors may include but are not limited to:

- Defaults or delinquencies in payment of MaineHousing loans
- Tax liens on MaineHousing-funded housing
- Year-end operating deficits
- Receipt of IRS Form 8823s – result of owner non-performance
- IRS audit finding resulting in a recapture event
- Financial workouts with MaineHousing

MaineHousing may reject the Application if it determines outstanding deficiencies are not addressed. Financial statements of Principals may be requested.

J. Management Experience.

Up to 3 Points

Points are based on the experience of the Management Agent, any Principal thereof, or Affiliates of either. Contributing factors may include but are not limited to:

- Length of time managing LIHTC projects
- Staff experience managing LIHTC and other rental projects
- The number of units currently under management
- The number of staff available for managing properties

K. Management Performance.

Up to 5 Points

Points are based on the recent performance of the Management Agent, any Principal thereof, or Affiliates of either. Contributing factors may include but are not limited to:

- Recent physical plant inspection scores
- Timeliness of required Project Reporting
- Management and Occupancy Review scores
- Receipt of IRS Form 8823s – result of management performance
- Recent performance and condition of properties under management
- Condition of properties under long-term management

Applications with the highest scores will be awarded funding until the 0% Deferred Debt is fully awarded. MaineHousing will make awards in score order to select Applications. If the last Application selected for an award needs more Deferred Debt than remains under this RFP, MaineHousing may elect to either (a) not award the remaining Deferred Debt to any Application, or (b) award additional Deferred Debt under the next 4% RFP to the Application. If more than one Application has the same score, the Application for the least amount of 0% deferred debt from MaineHousing per unit will have priority.

SECTION 3 & BUILD AMERICA BUY AMERICA REQUIREMENTS

Applicants receiving Federal funding from the FedHOME, National Housing Trust Fund, HOME-ARP, ESG-CV, CDBG-CV, and/or Recovery Housing Programs must comply with HUD Section 3 and Build America Buy America requirements. Projects will not be allowed to participate in a Permanent Loan Closing before meeting these requirements.

Please see MaineHousing's [Section 3 Policies & Procedures](#) and [Section 3 - Contractor, Subcontractor and Subrecipient Package](#) and [MaineHousing's Compliance and Implementation Plan for Build America Buy America](#) for more information.

SUBMISSION AND CONTACT INFORMATION

The Application must be completed in the attached Appendices A and B and also found on the MaineHousing website, www.mainehousing.org. Applications that MaineHousing determines are complete, eligible, and feasible will be processed. Applications that do not meet these requirements, will be rejected.

Applications must be submitted via upload to MaineHousing's ShareFile system. Please contact kpurington@mainehousing.org for instructions.

Any questions about the 2024 4% LIHTC RFP must be directed to MFDev@mainehousing.org.

MAINEHOUSING'S NONDISCRIMINATION POLICY

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, 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, 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 Drive
Augusta, Maine 04330-4633
Telephone Numbers
1-800-452-4668 (voice in state only)
(207) 626-4600 (voice)
Maine Relay 711.*

Approved:

Daniel E. Brennan
Director
December 16, 2024

APPENDIX A

Pre-Application Submission Requirements

Applicants must submit a request for Pre-application review with the following information to MaineHousing by the applicable deadline.

1. A completed [Multifamily Housing Pre-Application Excel Workbook](#)
2. A narrative description of the Project and any Related Development, including, the location, type of housing, total number of units by bedroom size, breakdown of required and/or pledged accessible units by type and location, total number of income-restricted units by bedroom size, proposed affordability, any existing affordability restrictions, any existing or proposed use restrictions, common areas and amenities at the Project, any community service facilities, any commercial space and other unique features of the Project.
3. Conceptual, Diagrammatic Site Plan and Conceptual Floor Plans and Conceptual Building Elevations in accordance with the requirements set forth in [MaineHousing's Quality Standards and Procedures Manual](#).
4. The status of applicable federal, State and local land use approvals for the Project and any Related Development, and any site, subdivision and other plans for the Project and any Related Development that have been prepared for submission or have been submitted to applicable municipal, state and federal governmental entities.
5. Details about the parking for the Project, including the number, type and location of all on-site parking and off-site parking and the terms and conditions thereof.
6. An explanation and all supporting documentation for any exceptions from the requirement to provide a community room, laundry facilities, telemedicine facilities or area activities in accordance with Section 5.I of the QAP.
7. All available information about any known or suspected environmental conditions on the Project site and any Related Development or adjacent sites that may impact the Project site or any Related Development, including any environmental reports. To the extent feasible, identify any and all visible (both on and off-site) fuel oil and propane tanks and include them on the site plan.
8. A capital needs assessment for any existing housing that meets the requirements in Section 5.C. and Appendix C of the QAP.
9. A conceptual construction estimate(s) prepared by a qualified general contractor or third-party estimator for the Project and any Related Development, including trade breakdowns in the form of a schedule of values and a reasonable estimating contingency, if applicable, with sufficient detail to demonstrate expected construction-related costs. All exclusions and qualifications, if any, must be clearly stated in the estimate. The estimate is to be the basis of the hard cost line items contained in the project underwriting without exception.