

MAINE CONSOLIDATED PLAN

Five Year Plan: 2010 - 2014

2010 Action Plan

Prepared by:

Maine State Housing Authority
Maine Department of Economic and Community Development

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Introduction

This document represents Maine's Five-year Consolidated Plan and its Year 2010 Action Plan. It has been drafted during a period in which Maine's economy has been experiencing one of the deepest economic downturns ever. Building permits for single family homes were down 42.5% from January 2008 to January 2009. MaineHousing expects less funding to be available through the state HOME Fund as a result of the decline in home purchasing and home purchase prices. A portion of the state's real estate transfer taxes are allocated to the state HOME Fund to provide valuable flexible subsidy to MaineHousing programs.

It is interesting to look at what the state of Maine's economy and housing was ten years ago. Maine's housing and economic environment were going through dramatic shifts. In some areas of the state, jobs were increasing, the housing market was hot, and the demands of special need populations were growing. In other areas of the state, the market was cold, people were leaving because of lack of work, and communities were experiencing substantial disinvestment. Ten years ago, Maine's:

- Unemployment rate was 3.5% compared to 8.6% this past summer (Maine Department of Labor);
- Average hourly earnings was \$13.50, it has increased to \$18.11 (Maine Department of Labor);
- Maine's homeownership was sixth in the country at 74.6%, now dropping to eleventh in the nation at 72.1% (U.S. Census);
- Median family income of \$33,700 ranked Maine 11th from the bottom, today its \$57,719 ranked 17th from the bottom in the nation (U.S. Census);
- Ten years ago the homeownership affordability index was at 98%, it has now slipped to 79%;
- Building permits totaled 6,300 and in 2008 they were down to 3,615 (U.S. Census);
- Homeless bednights were at 176,340 at the end of 1999, they increased to 255,776 by the end of 2008;
- Almost 40,000 rental households were receiving assistance and by the end of 2008 there were 43,645 being subsidized; and
- Renter households in need were around 64,000 and at the end of 2008 there was an excess of 93,000 households.

This plan identifies economic, community and housing needs, and program strategies for meeting them. MaineHousing and the Department of Economic and Community Development look forward to continued coordination of programs and will involve other partners to leverage resources.

Housing & Homeless Needs Assessment

Public Input

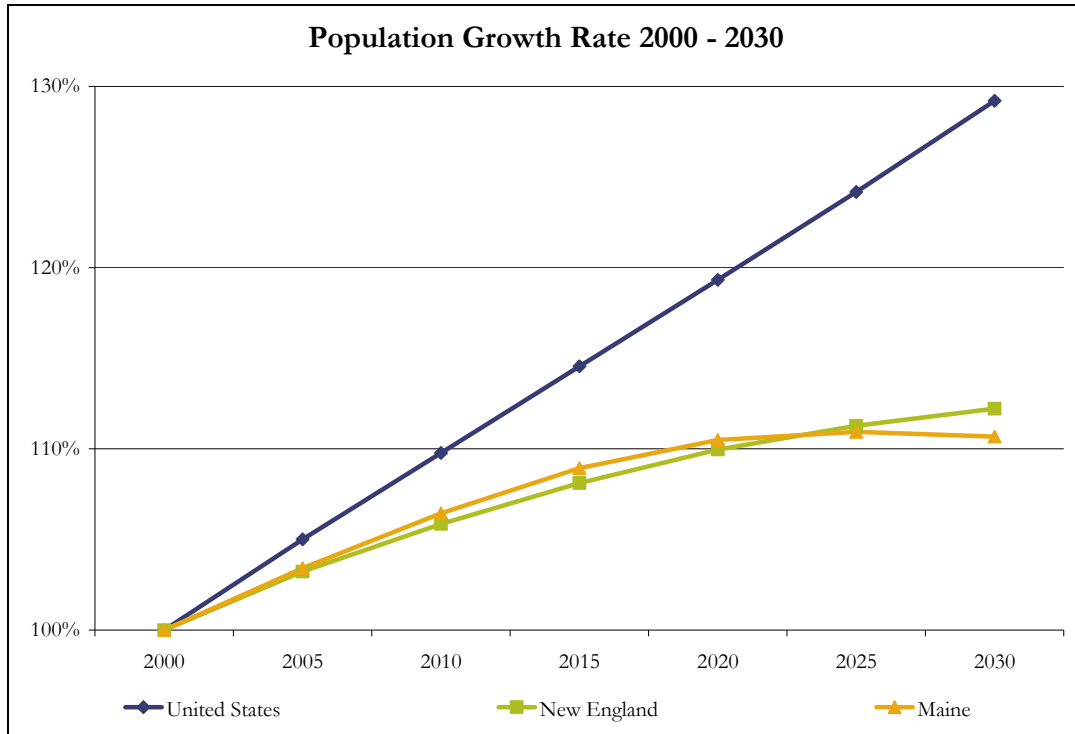
Appendix B includes the Citizen Participation findings. Four Public Forums were held in Westbrook, Augusta, Presque Isle, and Bangor. The following is a summary of housing needs expressed at the forums:

- Many homeownership failures are due to owners not understanding budgets and maintenance costs.
- There is a need for more affordable housing investment in Aroostook County. The needs are different than in southern Maine and even very different across communities within the County.
- How many rental units are accessible?
- Pay more attention now to accessibility needs in planning for new units. Also meets the needs of our aging population.
- Transitional housing is needed for people with disabilities. They need to learn how to live independently even when moving from a nursing home to an apartment. They need to learn independent living skills.
- What programs are available to help small "mom and pop" landlords regarding heating costs or weatherization interventions? Most are not creditworthy enough to get conventional loans or other assistance.
- Support for nonprofit agencies that help low income persons with disabilities and persons who are homeless has been reduced. They need help to remain competitive.
- Need to think about housing first. Likes Logan Place – very important to residents developing interpersonal communications skills.

Demographic Trends

Maine's population has been growing slowly and older. According to the State Planning Office, Maine's population growth has lagged behind the nation since the early 1990s.

The following graph shows that Maine's annual population change mirrors New England's and remains below the country through the year 2030 population projections.



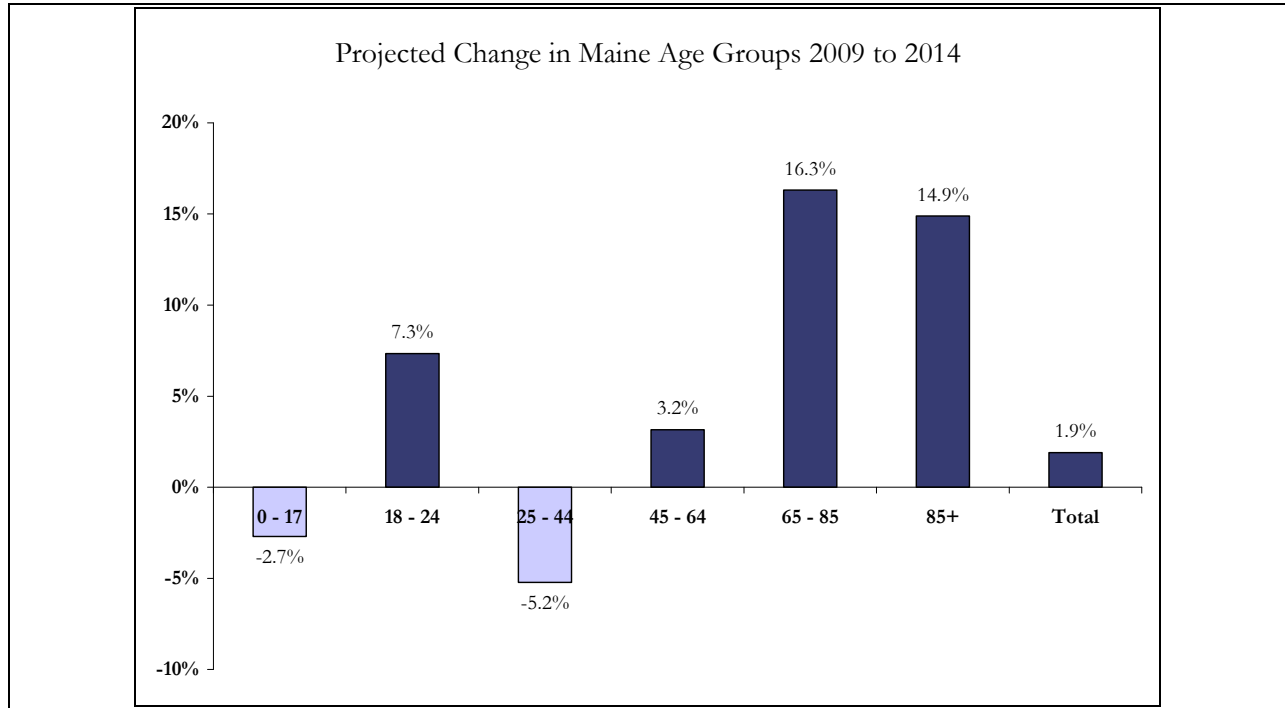
The 2009 Maine population by gender chart shows the increasing disproportion of females as the population ages. Over 68 percent of Mainers 85 and over are female. There is a near equal split of males and females from birth through 64 years.

2009 Population Breakdown by Sex					
Age Group	Male	Female	Both	% Female	% More Female
0 - 17	141,544	134,981	276,525	48.8%	-2.4%
18 - 24	59,221	56,038	115,259	48.6%	-2.8%
25 - 44	161,914	167,444	329,358	50.8%	1.7%
45 - 64	194,902	202,498	397,400	51.0%	1.9%
65 - 85	77,879	95,439	173,318	55.1%	10.1%
85+	9,128	20,193	29,321	68.9%	37.7%
Total	644,588	676,593	1,321,181	51.2%	2.4%

Source: Claritas 2009.

In reviewing the projected changes in Maine's age groups several shifts may be noted.

- Births rates are expected to decrease.
- A 7.3 percent growth rate is anticipated among the 18-24 year olds.
- The 25-44 group is shown as experiencing a negative growth rate.
- The 45-64 year old group will experience an 3.2 percent growth rate.
- The frail elderly over 85 years old will grow at a 14.9 percent rate.



Source: Claritas 2009

Household Characteristics: Shifts in age have a direct impact on the rate of household formation. The prime periods for household formation occur between the ages of 24-35. During this period, a family is just beginning, and will probably be renting. As the family ages towards 35, they may begin having children and purchasing their first home. As the households age and grow larger, a trade-up in housing is likely. As the children age and move out of the house, the household may consider trading down to a smaller home as they prepare for retirement. As household members age further, they may consider adapting their home to meet physical requirements, moving to a congregate care situation, or ultimately to an assisted living facility.

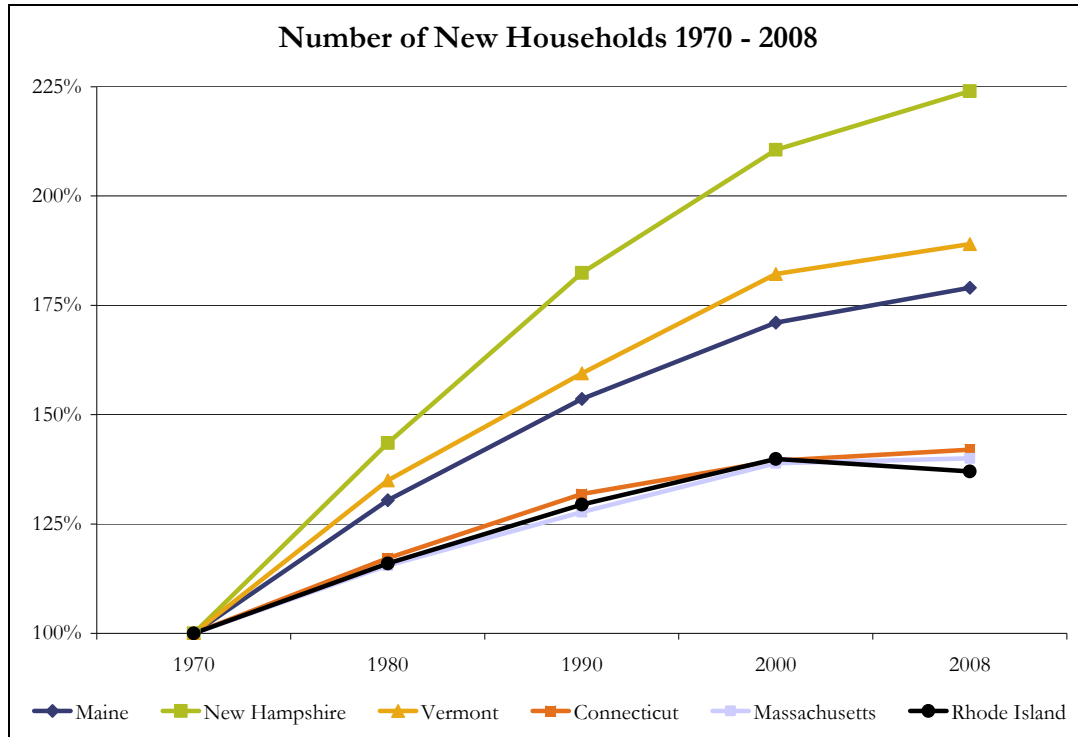
Maine and New England have seen a shift in household growth as shown in the following chart.

Change in Number of Households: 1970 - 2008					
State	1970	1980	1990	2000	2008 Estimate
Maine	302,923	395,184	465,312	518,200	542,363
Connecticut	933,269	1,093,678	1,230,479	1,301,670	1,329,305
Massachusetts	1,759,692	2,032,717	2,247,110	2,443,580	2,467,323
New Hampshire	225,378	323,493	411,186	474,606	505,286
Rhode Island	291,965	338,590	377,977	408,424	399,107
Vermont	132,098	178,325	210,650	240,634	249,986

Source: Census Bureau and American Community Survey 2008.

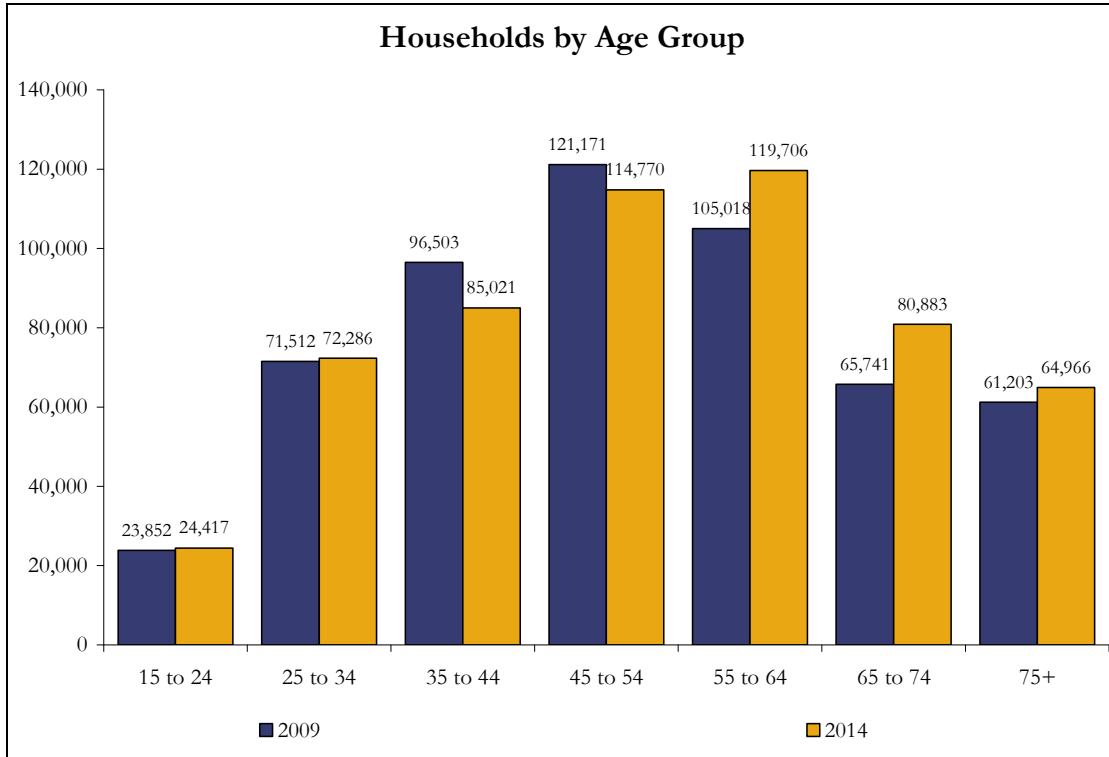
Between 1970 and 2008 the number of households in Maine is estimated to have experienced an increase of 239,440. The largest increase was during the 10 year period between 1970 and 1980.

As shown in the index chart below, Maine, Vermont, and New Hampshire experience much higher growth rates than Rhode Island, Connecticut, and Massachusetts.



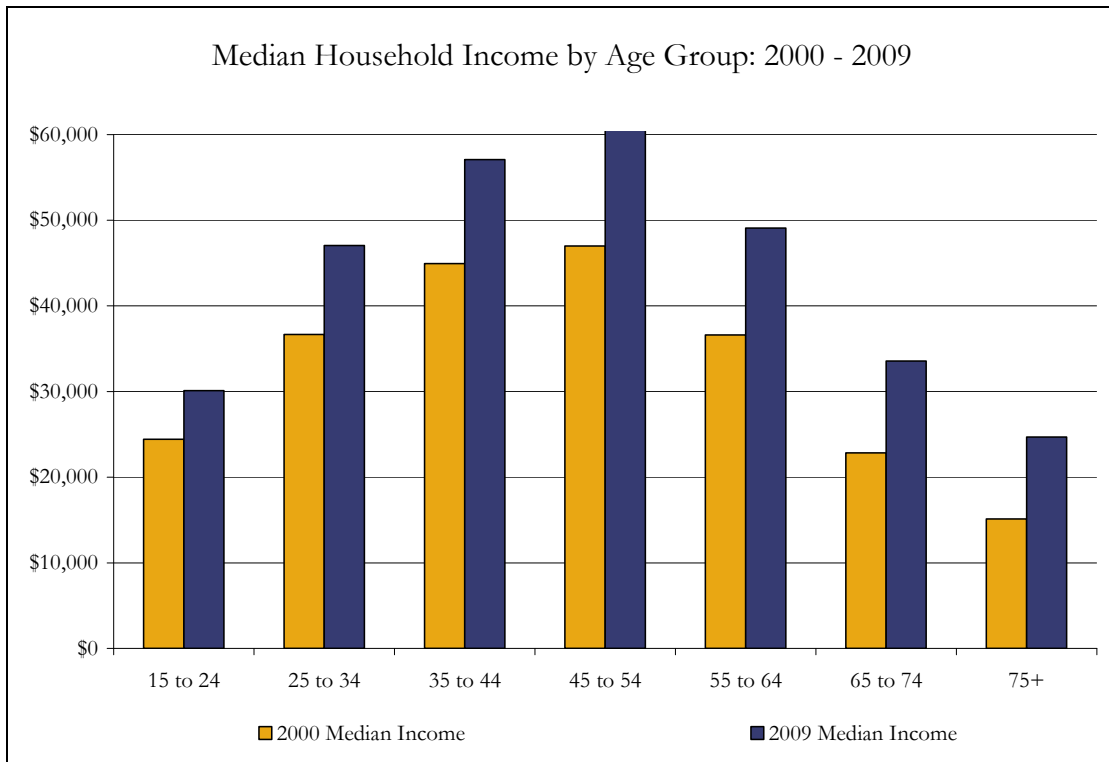
Source: 2000 Census and 2007 American Community Survey

There are over 542,000 households in the state of Maine. The largest group currently is the baby boomers ages 45 to 54. By 2014, the 55 to 64 age group is expected to overtake the 45 to 54 group while the 65 to 74 group is expected to grow by over 20%. The following chart shows the proportion of households by age group for 2009 and 2014:



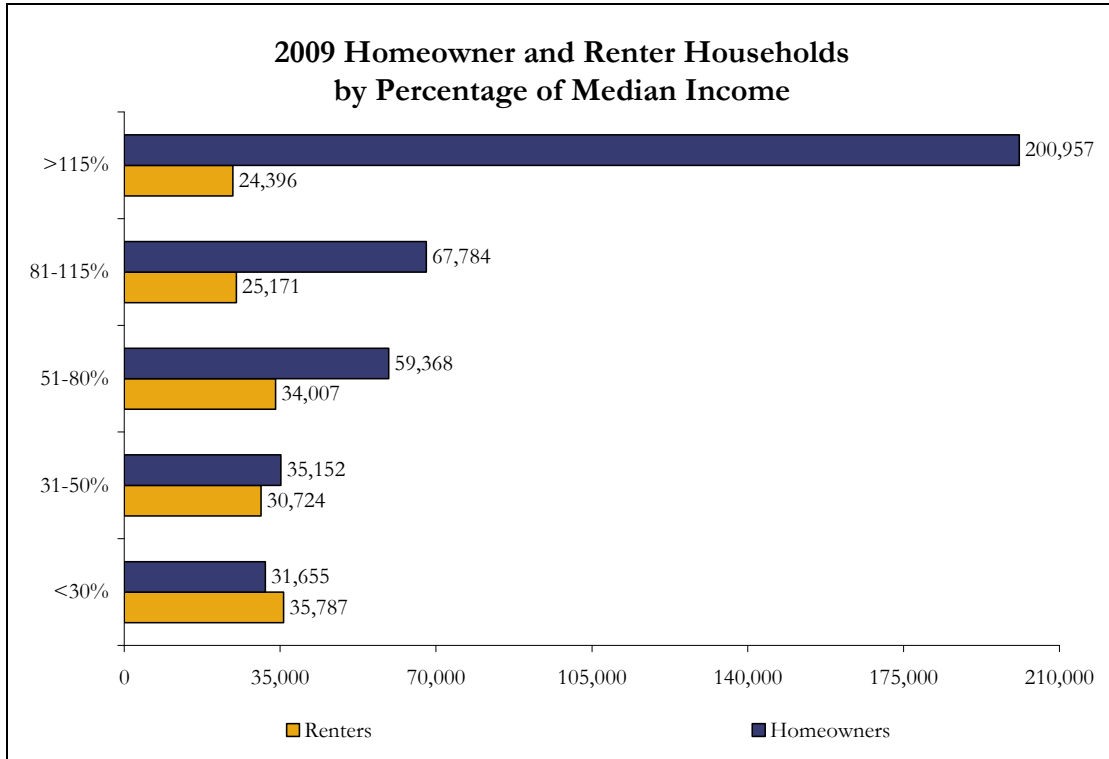
Source: Claritas 2009

The following chart shows the 2000 and 2009 median household incomes for Maine age groups. Incomes continue to increase through age 54. Decisions such as when to rent or purchase a home including the size of the home are often made with consideration of these factors.

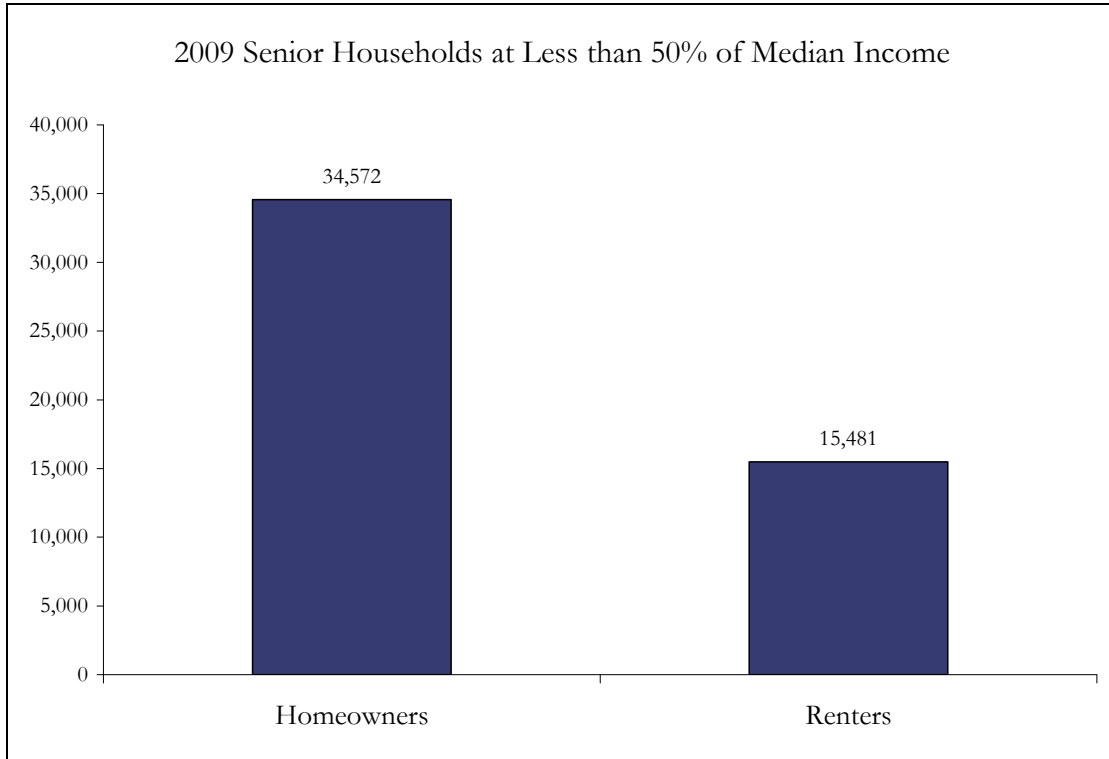


Source: 2000 Census and 2009 Claritas

More than 270,000 households in Maine are at or below median income with over 132,000 of these below 50 percent median income. There are 60,000 more owner households than renter households among the 270,000. There are 66,807 owners below 50 percent median income (very low income) and may be living in substandard housing.

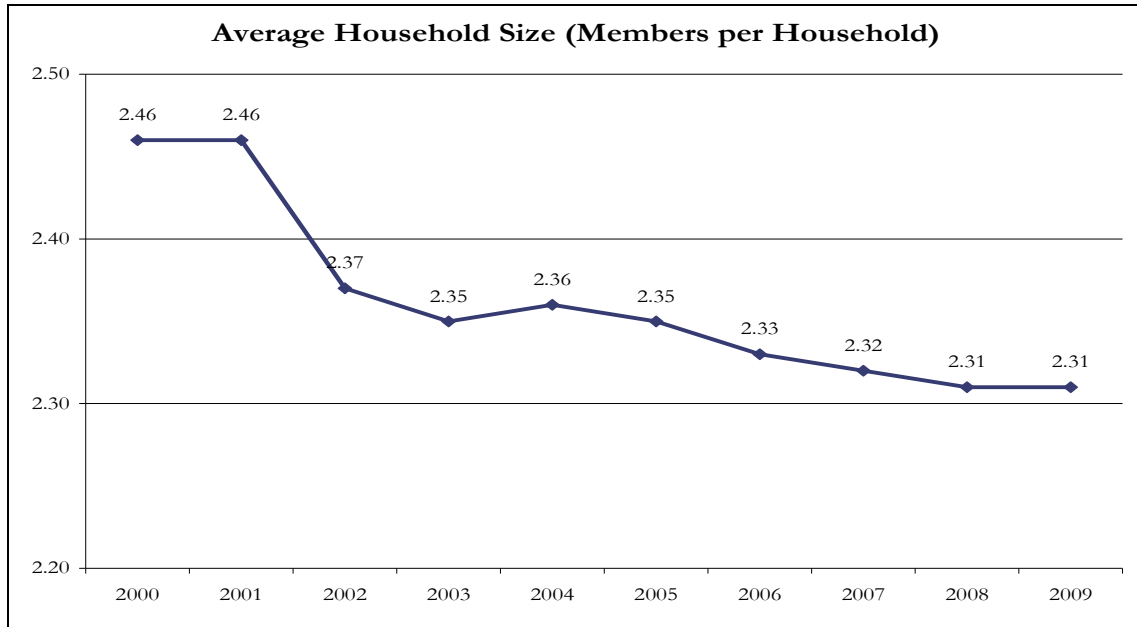


Senior citizens in Maine have a high homeownership rate. Eighty-percent of those persons 65 years or older own their own home. Fifty-six percent of them live in rural areas. Over 15,000 elderly homeowners meet the poverty threshold to receive home energy assistance. One third of Maine senior homeowners and two thirds of Maine senior renters have incomes below 50% of the median income. Energy assistance and home repairs are two of their greatest needs.



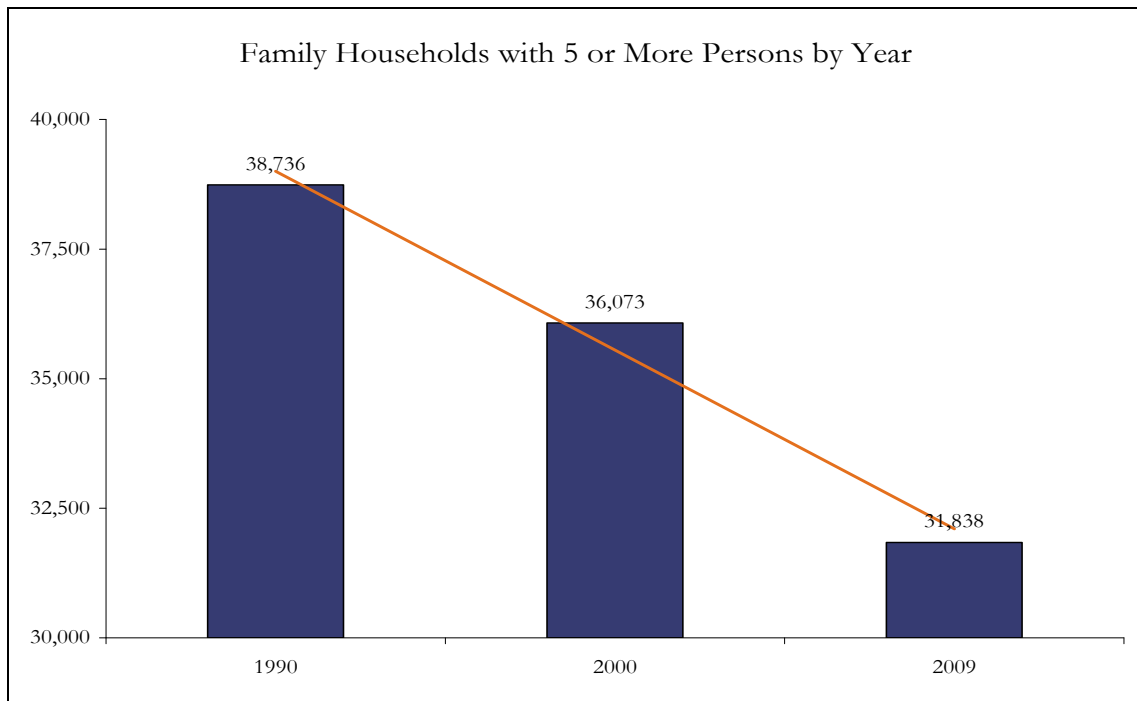
Source: Claritas 2009

The average size of Maine households has been steadily decreasing over the last decade or more. While this should alleviate some overcrowded housing situations, it puts pressure on housing markets by increasing the demand for housing units.



Source: Claritas 2009

In Maine nearly 32,000 family households have five or more persons. That is down over 17% from 1990 and 8% from 2000. The concern for overcrowding and large families increases when low-income families are considered.



Source: Claritas 2009

Special Population Groups

Special population groups generally require housing that is unique to their needs. These groups include persons with mental illness, mental retardation, persons with physical disabilities, persons with HIV/AIDS, persons who are homeless, large families, and children.

According to Maine's 2007 Annual Homeless Report 7,083 people stayed in Maine homeless shelters during calendar year 2007. MaineHousing's shelter bed occupancy data for 2006 and 2007 reveal that the number of stays for homeless persons decreased by 16,605.

Reasons for homelessness are numerous. The following tables show 2007 Reasons for Homelessness by number and percent for individuals and families. Participants at Consolidated Plan development public forums have stated that the high cost of housing is a major reason for homelessness.

2007 Reasons for Homelessness		
Reason	Number of Families	Percentage of Families
Eviction	93	18%
No Affordable Housing	78	15%
Family Conflict	66	13%
Underemployment / Low Income	36	7%
Domestic Violence Victim	20	4%
Source: Homeless Management Information System (HMIS).		

2007 Reasons for Homelessness		
Reason	Number of Individuals	Percentage of Individuals
Substance Abuse	628	19%
Family Conflict	198	6%
Mental Health	132	4%
No Affordable Housing	116	4%
Eviction	114	4%
Source: Homeless Management Information System (HMIS).		

The following chart presents 2000 housing problems for the mobility and self care limited. The definition for this group is that it includes all households where one or more persons has 1) a long-lasting condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than six months that creates difficulty with dressing, bathing, or getting around inside the home. Nineteen percent of Maine households include persons with mobility or self care limitations. Twenty one percent of rental households and 18 percent of owner households include persons with mobility or self care limitations. The definition of housing problems reported in the chart covers households with cost burden greater than 30 percent of income and/or overcrowding and/or without complete kitchen or plumbing facilities.

2000 Housing Problems for the Mobility and Self Care Limited

	Renters				Owners				Total
	Extra Elderly	Elderly	All Other	Renters	Extra Elderly	Elderly	All Other	Owners	Households
Income <=30% MFI	2,970	2,250	6,730	11,950	2,550	1,980	4,295	8,825	20,775
% with any housing problems	52.0%	51.8%	68.6%	61.3%	74.1%	75.5%	80.3%	77.5%	68.2%
Income >30 to <=50% MFI	2,800	1,640	3,645	8,085	3,750	2,975	4,135	10,860	18,945
% with any housing problems	40.0%	37.5%	67.4%	51.8%	39.2%	45.5%	65.4%	50.9%	51.3%
Income >50 to <=80% MFI	1,445	950	3,390	5,785	4,250	3,480	6,885	14,615	20,400
% with any housing problems	29.4%	23.7%	26.3%	26.6%	15.3%	23.0%	42.9%	30.1%	29.1%
Income >80% MFI	1,160	599	3,910	5,669	5,470	6,520	22,195	34,185	39,854
% with any housing problems	16.8%	2.3%	5.5%	7.5%	5.9%	10.4%	12.3%	10.9%	10.4%
Total Mobility/Self Care Limited	8,375	5,439	17,675	31,489	16,020	14,955	37,510	68,485	99,974
% with any housing problems	39.2%	37.1%	46.3%	42.8%	27.0%	28.9%	31.5%	29.9%	34.0%
Total Maine Households				148,829				377,508	526,337
% with Mobility/Self Care Limitations				21.2%				18.1%	19.0%

Source: 2000 CHAS/2000 Census

Definitions:

Extra Elderly: 1 or 2 Member households, either person 75 years or older.

Elderly: 1 or 2 Member Households, either person 62 to 74 years.

Mobility or Self Care Limitations: This includes all households where one or more persons has 1) a long-lasting condition that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home.

Any housing problems: cost burden greater than 30% of income and/or overcrowding (with 1.01 or more persons per room) and/or without complete kitchen or plumbing facilities.

Cost Burden: Cost burden is the fraction of a household's total gross income spent on housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage payment, taxes, insurance, and utilities.

Renter: Data do not include renters living on boats, RVs or vans. This excludes approximately 25,000 households nationwide.

Youth housing needs are most apparent when their reasons for homelessness are considered. Health or safety, substance abuse, and high housing costs account for most of the unaccompanied homeless youth in 2007.

2007 Reasons for Homelessness		
Reason	Number of Youth	Percentage of Youth
Health or Safety	257	25%
Substance Abuse	51	5%
Underemployment / Low Income	49	5%
No Affordable Housing	41	4%
Family Conflict	41	4%

Source: Homeless Management Information System (HMIS).

The following chart provides responses to the January 28, 2009 Maine Point in Time Survey regarding the types most frequently used by respondents. Housing search assistance represented 18 percent of services most frequently used.

Services Most Frequently Used	Clients	Percent
Food Stamps	219	29%
Case Management	218	28%
Health Care Assistance	167	22%
Housing Search Help	139	18%
Mental Health Care & Counseling	136	18%
TANF	79	10%
Domestic Violence Services	72	9%
Transportation	71	9%
SSI/SSDI	71	9%
Substance Abuse Services	68	9%
General Assistance	57	7%
Life Skills Training	53	7%
Rental Subsidy	44	6%
Job Training	19	2%
Other Financial help	7	1%
Unemployment	7	1%
Child Care	6	1%
Veteran Benefits	5	1%
Child Care Subsidy	3	<1%
Short Term Disability	2	<1%
Total Number of Clients	765	100%

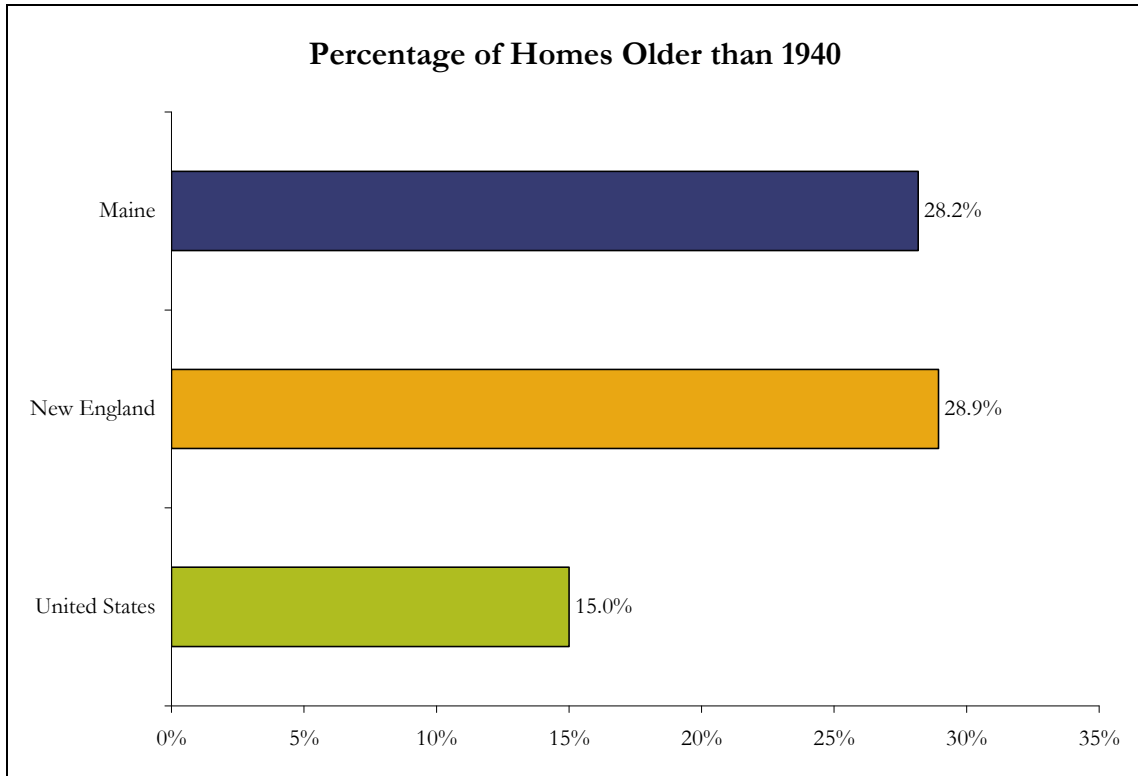
Source: Maine Point in Time Survey, administered January 28, 2009.

The following chart provides responses to the January 28, 2009 Maine Point in Time Survey regarding the types of services most frequently needed but not accessed. Rental subsidy and housing search assistance represented 33 percent of responses from the 765 clients.

Services Most Frequently Needed but Not Accessed	Clients	Percent
Rental Subsidy	161	21%
Housing Search Help	92	12%
Transportation	79	10%
Case Management	58	8%
Other Financial help	54	7%
Food Stamps	49	6%
Health Care Assistance	47	6%
SSI/SSDI	46	6%
Job Training	45	6%
Mental Health Care & Counseling	40	5%
Life Skills Training	31	4%
Child Care Subsidy	27	4%
General Assistance	24	3%
Child Care	21	3%
Substance Abuse Services	17	2%
Unemployment	15	2%
Veteran Benefits	10	1%
Short Term Disability	9	1%
Domestic Violence Services	9	1%
TANF	8	1%
Total Number of Clients	765	100%
Source: Maine Point in Time Survey, administered January 28, 2009.		

Condition of Housing

The condition of Maine's housing stock is also influenced by its age. Maine has the 5th oldest housing stock in the nation. As the chart below indicates, the percentage of Maine's pre-1940 constructed housing stock is similar to the rest of New England but is nearly double the national percentage. Adverse conditions of aging housing stock may include outdated heating systems, inadequate plumbing, electrical systems, insulation, structural decay, inadequate accessibility design, and lack of appropriate health and safety systems.



Source: 2008 American Community Survey

Older houses often have lead-based paint. In the table below, the number of low-income households likely to be living in housing with lead-based paint conditions are identified. Over 63,000 housing units have lead-based paint problems. Seventy-seven percent are owner occupied and 23 percent are renters.

Estimated Households with Lead-Based Paint			
Age of Structure (year built)	Number of Low-Income Households	Percent with Lead-Based Paint	Number Estimated with Lead-Based Paint
Renters			
Pre-1940	32,106	90%	28,895
1940-1959	14,231	80%	11,385
1960 - 1979	24,002	62%	14,881
Total Renters	70,339		55,161
Owners			
Pre-1940	31,878	90%	28,690
1940-1959	18,449	80%	14,759
1960 - 1979	29,920	62%	18,550
Total Owners	80,247		61,999
Total	150,586		117,160
Sources: 2000 Census, HUD Guidelines for the Evaluation and Control of Lead-based Paint Hazards in Housing, Chapter 3, page 7			
Definition: Low-income households are those households making 80% or less than the area median income in Maine (\$29,792 per 2000 Census).			
Calculation: Number Estimated with Lead-Based Paint is calculated by multiplying the Number of Low-Income Households by the Percent with Lead-Based Paint.			

Housing Market Analysis

Renters Needing Assistance

Maine defines renters who need assistance as families and seniors (65 years and older) whose households makes 80 percent of median income or less. They are likely to be rent burdened and spend more than 30 percent of their income on housing. As shown in the chart below, there are a total of 49,813 family rental housing and 4,048 senior rental units needed. By 2014, the number of family units needed is expected to remain nearly the same while the needed number of senior units is expected to jump by over 75%

Renters Needing Assistance in 2009 and 2014										
County	Renters at <80% Area Median Income in 2009		Subsidized Units Available in 2009		Total Units Needed in 2009*		Projected Renters at <80% Area Median Income in 2014		Total Units Needed by 2014*	
	Family	Senior	Family	Senior	Family	Senior	Family	Senior	Family	Senior
Androscoggin	5,985	1,638	2,849	1,637	3,136	1	6,059	1,857	3,210	220
Aroostook	3,565	1,402	1,437	1,608	2,128	-206	3,568	1,540	2,131	-68
Cumberland	17,441	5,060	6,790	3,780	10,651	1,280	17,464	5,924	10,674	2,144
Franklin	1,518	282	352	359	1,166	-77	1,535	321	1,183	-38
Hancock	2,719	717	450	732	2,269	-15	2,801	840	2,351	108
Kennebec	7,255	1,902	2,204	1,083	5,051	819	7,381	2,136	5,177	1,053
Knox	2,113	671	524	432	1,589	239	2,157	787	1,633	355
Lincoln	1,329	379	297	211	1,032	168	1,390	435	1,093	224
Oxford	2,674	736	791	676	1,883	60	2,750	834	1,959	158
Penobscot	9,366	2,165	2,836	2,082	6,530	83	9,521	2,520	6,685	438
Piscataquis	667	231	190	290	477	-59	664	260	474	-30
Sagadahoc	2,026	531	799	429	1,227	102	1,986	629	1,187	200
Somerset	2,298	611	573	356	1,725	255	2,372	681	1,799	325
Waldo	1,620	410	343	283	1,277	127	1,670	470	1,327	187
Washington	1,400	504	330	688	1,070	-184	1,381	529	1,051	-159
York	10,840	3,202	2,238	1,747	8,602	1,455	10,760	3,789	8,522	2,042
Total	72,816	20,441	23,003	16,393	49,813	4,048	73,459	23,552	50,456	7,159

Source: Caritas 2009 and Maine Housing Subsidized Housing Database.

*Negative numbers imply there are more units of housing available than needed in a particular county.

Assumption: senior households are those headed by a person age 65 or older. All other households are family.

In many communities rents are rising faster than incomes. Demand is also making it increasingly difficult to find an affordable apartment. Increasing rental costs may make it impossible for the average wage earner to afford housing and is one of the reasons for Maine's increased homelessness.

The following table shows the average 2 bedroom rent (including utilities), median renter household income and income needed to afford the average rent in Maine for 2003 thru 2008 and in each county in Maine for 2008. In every county, there is an affordability gap—clearly indicating a widespread need for more affordable rental housing throughout Maine.

Area	Year	Affordability Index	Average 2-BR Rent ¹	Renter Household Median Income	Income Needed to Afford Average 2-BR Rent	2-BR Rent ¹ Affordable at Median Income	Households Unable to Afford Average 2-BR Rent
Maine	2003	0.82	\$825	\$26,990	\$33,019	\$675	90,198 (59.4%)
	2004	0.80	\$844	\$26,894	\$33,768	\$672	93,400 (61.2%)
	2005	0.81	\$857	\$27,835	\$34,298	\$696	92,029 (60.0%)
	2006	0.84	\$844	\$28,383	\$33,770	\$710	90,707 (58.4%)
	2007	0.85	\$847	\$28,766	\$33,678	\$719	90,160 (57.7%)
	2008	0.87	\$847	\$29,375	\$33,878	\$734	88,627 (57.0%)
Androscoggin	2008	0.88	\$756	\$26,770	\$30,260	\$669	9,008 (55.7%)
Aroostook	2008	0.95	\$594	\$22,606	\$23,765	\$565	4,428 (52.3%)
Cumberland	2008	0.86	\$1,031	\$35,313	\$41,225	\$883	21,035 (57.6%)
Franklin	2008	0.73	\$833	\$24,314	\$33,328	\$608	1,934 (64.9%)
Hancock	2008	0.85	\$842	\$28,638	\$33,684	\$716	3,368 (58.0%)
Kennebec	2008	0.93	\$736	\$27,263	\$29,444	\$682	7,839 (53.5%)
Knox	2008	0.87	\$855	\$29,737	\$34,200	\$743	2,585 (56.9%)
Lincoln	2008	0.79	\$898	\$28,544	\$35,929	\$714	1,634 (62.5%)
Oxford	2008	0.96	\$682	\$26,230	\$27,287	\$656	2,878 (51.8%)
Penobscot	2008	0.79	\$834	\$26,293	\$33,344	\$657	11,305 (60.9%)
Piscataquis	2008	0.86	\$671	\$23,060	\$26,857	\$577	903 (56.9%)
Sagadahoc	2008	0.97	\$885	\$34,340	\$35,389	\$858	2,193 (51.6%)
Somerset	2008	0.95	\$679	\$25,682	\$27,174	\$642	2,608 (52.6%)
Waldo	2008	0.86	\$788	\$26,991	\$31,503	\$675	1,892 (56.9%)
Washington	2008	0.63	\$813	\$20,444	\$32,535	\$511	2,263 (70.8%)
York	2008	0.90	\$931	\$33,363	\$37,231	\$834	12,353 (55.1%)

Source: Claritas 2009, MaineHousing Quarterly Rent Survey

Owners Needing Assistance

Maine has the 5th oldest housing stock in the nation. Much of the housing available to lower income residents is in poor condition. There are more than 132,000 households consisting of families making less than 80% of median income. Over 70,000 units belong to the most desperate owners making 50% of median income, or less. As the table below demonstrates, they are spread throughout the State.

Housing costs continue to increase faster than the working wage. In southern and coastal Maine home prices have outstripped incomes and the ability of working families to afford homeownership. Lack of affordable housing within a community leads to sprawl as people are forced to commute from less expensive housing areas.

Area	Year	Total Homeowner Households ²	Homeowner Households >50% to 80% AMI ¹	Homeowner Households >30% to 50% AMI	Homeowner Households 30% AMI or Less	Average Household Size ²	Median Head of Household Age ²
Maine	2003	386,466	58,699	36,028	33,339	2.35	52.6
	2004	389,180	60,042	35,227	34,364	2.36	52.2
	2005	394,470	60,189	36,302	33,616	2.35	53.0
	2006	400,215	60,775	36,499	33,952	2.33	53.2
	2007	405,238	61,585	36,758	34,090	2.32	53.4
	2008	403,579	61,543	36,779	34,011	2.31	53.7
Androscoggin	2008	29,446	4,176	2,210	1,851	2.30	52.4
Aroostook	2008	23,215	3,454	2,131	2,338	2.22	55.8
Cumberland	2008	77,571	12,045	6,615	5,157	2.33	53.2
Franklin	2008	9,521	1,484	889	832	2.30	53.7
Hancock	2008	17,997	2,764	1,609	1,501	2.22	55.2
Kennebec	2008	37,059	5,344	3,125	2,889	2.29	53.3
Knox	2008	13,230	2,066	1,170	1,027	2.24	55.5
Lincoln	2008	12,884	2,192	1,205	1,066	2.26	55.9
Oxford	2008	18,822	2,963	1,725	1,598	2.33	53.7
Penobscot	2008	43,127	6,160	3,769	3,698	2.29	53.3
Piscataquis	2008	6,227	988	615	656	2.23	55.9
Sagadahoc	2008	11,007	1,630	893	819	2.39	53.5
Somerset	2008	17,300	2,684	1,586	1,689	2.33	53.5
Waldo	2008	13,249	2,074	1,296	1,259	2.32	53.5
Washington	2008	11,330	1,678	1,149	1,202	2.23	55.8
York	2008	61,594	9,654	5,334	4,556	2.39	53.2

In terms of the percentage of homes older than 1940, Maine has the 5th oldest housing stock in the nation. Many households are in immediate need of home repair assistance. Maine's major housing funding agencies in the state coordinate their home rehabilitation activities. MaineHousing, DECD, and Rural Development fund the home repair services that are delivered by the Community Action Agencies. Needs include lead paint remediation, leaking roofs, heating system repairs, energy conservation improvements. Grants, loans, and loan plus grant combinations are provided according to homeowner payment abilities and funding restrictions.

First-time Homebuyers

Lower-income people have limited choices for affordable housing which affects their access to jobs and services. Workforce housing needs has become a large problem for employers. The lack of affordable housing has been cited as an impediment to economic growth. Residents such as a firemen, teachers, and nurses often have to commute from outside the communities where they work. Home prices and rents have been increasing faster than incomes.

Downpayment and closing costs as well as credit problems are barriers for many families seeking homeownership. Programs that help with downpayment and closing costs will provide further valuable assistance to qualified first time homebuyers. Potential homebuyers are located in the following housing markets:

Potential Homebuyers by Income Level by County							
County	<30% County Median Income	30-50% County Median Income	50-80% County	80-120% County	120-150% County	150+% County	
Androscoggin	201	438	822	1,005	459	363	
Aroostook	245	266	463	572	230	277	
Cumberland	500	759	1,816	2,427	1,132	1,427	
Franklin	118	129	193	212	80	85	
Hancock	181	207	398	375	160	139	
Kennebec	387	559	819	891	419	275	
Knox	108	160	295	271	110	110	
Lincoln	98	134	197	160	63	51	
Oxford	162	236	360	390	205	144	
Penobscot	474	518	994	1,253	573	793	
Piscataquis	58	66	96	111	39	61	
Sagadahoc	119	158	284	292	84	80	
Somerset	173	216	357	335	139	172	
Waldo	145	178	215	196	102	105	
Washington	125	124	200	230	89	120	
York	531	698	1,301	1,572	556	599	
Total	3,625	4,845	8,810	10,294	4,439	4,801	36,812

Assumptions: Percentage of Median Income based upon HUD 2006 Median County Incomes, Potential Buyers in an income band is equal to the number of renters in that income band (source: Claritas) times the "propensity to buy" for that income band, "Propensity to buy" is an estimate of the likelihood a renter in an income band will choose to buy instead of rent (based upon Census 2000 and 2006 Claritas data).

Home prices and rents are increasing faster than incomes. A major concern is whether the median income buyer can afford the median income home in their region. Housing costs continue to increase faster than the working wage. MaineHousing buys down interest rates to make housing more affordable. Other actions undertaken to permit home purchase include down-home assistance, closing cost assistance, and soft second programs to address potential homebuyer credit problems and lack of savings.

MaineHousing tracks affordability to identify regions where the cost of housing may be beyond the reach of households making median income. A region with an index rating of less than one has an affordability problem. Those with an index of more than 1.00 are affordable. The index itself is a ratio between how much of a mortgage loan that area's median income can afford divided by that area's median home price.

Area	Year	Affordability Index	Median Home Price ¹	Median Income ²	Income Needed to Afford Median Home Price	Home Price Affordable at Median Income	Households Unable to Afford Median Home Price
Maine	2003	0.81	\$150,000	\$41,645	\$51,400	\$121,532	332,378 (61.7%)
	2004	0.73	\$168,000	\$41,929	\$57,592	\$122,310	357,732 (66.0%)
	2005	0.70	\$184,000	\$43,370	\$61,648	\$129,445	372,491 (68.0%)
	2006	0.73	\$185,000	\$44,488	\$61,270	\$134,329	369,128 (66.5%)
	2007	0.74	\$185,900	\$45,438	\$61,568	\$137,198	369,172 (65.7%)
	2008	0.79	\$178,000	\$46,321	\$58,951	\$139,864	350,239 (62.6%)
Androscoggin	2008	0.84	\$146,500	\$43,149	\$51,518	\$122,702	27,012 (59.2%)
Aroostook	2008	1.15	\$85,500	\$34,242	\$29,785	\$98,295	13,923 (43.9%)
Cumberland	2008	0.75	\$225,000	\$55,558	\$73,874	\$169,215	76,317 (66.9%)
Franklin	2008	0.97	\$119,450	\$38,370	\$39,699	\$115,451	6,493 (51.9%)
Hancock	2008	0.76	\$180,000	\$43,858	\$57,516	\$137,256	15,069 (63.3%)
Kennebec	2008	0.98	\$134,900	\$44,261	\$44,996	\$132,694	26,168 (50.6%)
Knox	2008	0.81	\$180,400	\$46,986	\$57,662	\$147,001	10,932 (61.5%)
Lincoln	2008	0.74	\$193,000	\$45,675	\$61,885	\$142,445	10,154 (65.5%)
Oxford	2008	0.92	\$133,000	\$40,933	\$44,314	\$122,852	13,138 (53.9%)
Penobscot	2008	0.92	\$134,900	\$42,152	\$45,608	\$124,679	33,363 (54.1%)
Piscataquis	2008	1.26	\$84,500	\$34,781	\$27,611	\$106,440	3,162 (40.5%)
Sagadahoc	2008	0.86	\$183,500	\$51,944	\$60,642	\$157,180	8,923 (58.5%)
Somerset	2008	1.19	\$95,000	\$38,019	\$31,824	\$113,493	9,315 (41.9%)
Waldo	2008	0.84	\$150,000	\$42,640	\$50,611	\$126,375	9,732 (58.7%)
Washington	2008	0.86	\$107,200	\$31,395	\$36,600	\$91,955	8,273 (57.0%)
York	2008	0.76	\$218,500	\$53,366	\$69,906	\$166,801	55,016 (65.5%)

Special Population Groups

Homeless: A Continuum of Care has been developed in Maine to help the homeless move to self-sufficiency and permanent housing. Continuum level move the homeless from emergency shelters to transitional housing that consist of temporary quarters with supportive services, to permanent housing that may include supportive services.

According to Maine’s Continuum of Care application for assistance, the group has been implementing its goals to end chronic homelessness, to address the needs and reduce the number of the non-chronically homeless population, and to coordinate its planning efforts with Maine’s Action Plan to End Homelessness. The Balance of State Continuum of Care (BOSCO) works closely with the Continuums of Portland and Greater Penobscot County. Maine’s strategy to end chronic homelessness continues to respond to the unique needs of this rural state’s population, geography, and resources. Maine’s Continuum of Care Application is provided in Appendix E.

Elderly: Maine has a substantial and fast growing elder population. It ranks 13th in the nation with proportion of elders aged 75 and above and is the New England leader for

percentage of population aged 85 and above. The population cohort aged 85 and above is Maine's fastest growing group. Persons aged 85 and above are the most likely group among the elderly to need supportive housing, home care or long term care services.

The frail elderly present a specialized care need that is dependent upon the individual's ability to live independently. Maine's growing population of frail seniors living on fixed incomes will need additional assisted living facilities – or be forced into nursing homes when they don't need that level or cost of care. The development of housing to serve the elderly will continue as a long-term need as Maine's population ages. Housing developed will be done along a housing continuum extending from seniors living independently to living in assisted living situations, and living in nursing care facilities as necessary.

It will be important to improve the access to information for seniors and their families regarding elder housing, home repair programs, and other services. MaineHousing and community-based elder service organizations frequently receive requests from low-income elders needing repairs or modifications to their home for improving accessibility. Many of Maine's elders live in rural communities. Rural areas are often difficult to serve due to the fact that local housing programs are small and often under funded.

Following is an inventory of elderly beds and facilities.

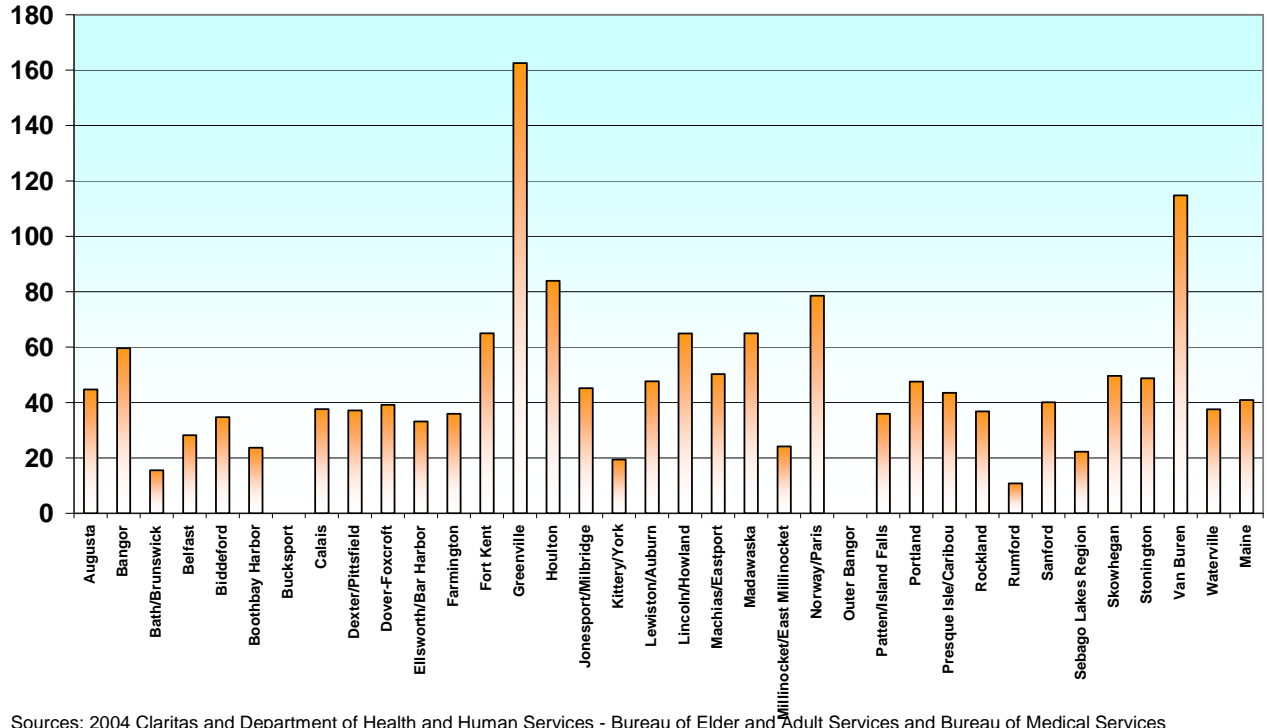
2004 Count of Elderly Beds and Facilities												
Housing Market	Beds					Totals	Facilities					Totals
	Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility		Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility	
Augusta	658	68	313	0	548	1,587	70	3	3	0	10	86
Bangor	765	28	1,134	0	704	2,631	72	3	5	0	12	92
Bath/Brunswick	605	66	159	0	171	1,001	35	3	2	0	3	43
Belfast	109	37	45	6	110	307	10	2	1	1	2	16
Biddeford	649	54	150	0	404	1,257	33	4	1	0	6	44
Boothbay Harbor	204	20	50	0	88	362	15	1	2	0	3	21
Bucksport	10	0	0	0	0	10	2	0	0	0	0	2
Calais	95	9	15	1	76	196	9	1	1	1	3	15
Dexter/Pittsfield	92	0	28	6	144	270	12	0	1	1	3	17
Dover-Foxcroft	71	18	46	0	100	235	4	2	1	0	1	8
Ellsworth/ Bar Harbor	152	20	79	0	188	439	15	1	2	0	6	24
Farmington	245	24	70	0	192	531	18	2	1	0	5	26
Fort Kent	112	0	49	0	85	246	10	0	1	0	3	14
Greenville	0	0	28	0	66	94	0	0	2	0	4	6
Houlton	156	16	98	8	204	482	15	1	2	1	6	25
Jonesport/ Milbridge	49	24	0	0	66	139	8	2	0	0	2	12
Kittery/York	143	6	122	0	116	387	9	1	2	0	6	18
Lewiston/ Auburn	884	60	483	14	653	2,094	51	3	2	2	10	68
Lincoln/ Howland	46	0	15	0	126	187	5	0	1	0	4	10
Machias/	112	12	36	0	117	277	9	1	1	0	4	15

2004 Count of Elderly Beds and Facilities

Housing Market	Beds					Totals	Facilities					Totals
	Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility		Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility	
Eastport												
Madawaska	73	0	0	0	92	165	3	0	0	0	3	6
Millinocket/ East Millinocket	34	0	15	0	46	95	2	0	1	0	2	5
Norway/Paris	196	12	50	0	271	529	30	1	1	0	5	37
Outer Bangor	33	0	0	0	0	33	7	0	0	0	0	7
Patten/ Island Falls	16	18	0	0	25	59	4	1	0	0	1	6
Portland	1,809	131	1,047	50	1,552	4,589	128	9	4	1	21	163
Presque Isle/ Caribou	129	22	170	0	275	596	8	2	3	0	5	18
Rockland	552	6	109	8	291	966	36	1	1	1	5	44
Rumford	78	12	15	0	42	147	6	1	1	0	3	11
Sanford	265	36	49	0	258	608	25	3	1	0	5	34
Sebago Lakes Region	85	0	40	5	95	225	12	0	1	1	2	16
Skowhegan	138	12	65	4	233	452	18	1	1	1	6	27
Stonington	175	11	15	0	106	307	4	2	1	0	4	11
Van Buren	138	0	0	0	69	207	12	0	0	0	2	14
Waterville	305	40	221	0	278	844	29	1	3	0	6	39
Maine	9,183	762	4,716	102	7,791	22,554	726	52	49	10	163	1,000
Sources: Bureau of Elder and Adult Services, Maine Department of Health and Human Services and Department of Human Services, Division of Licensing and Certification, Bureau of Medical Services												

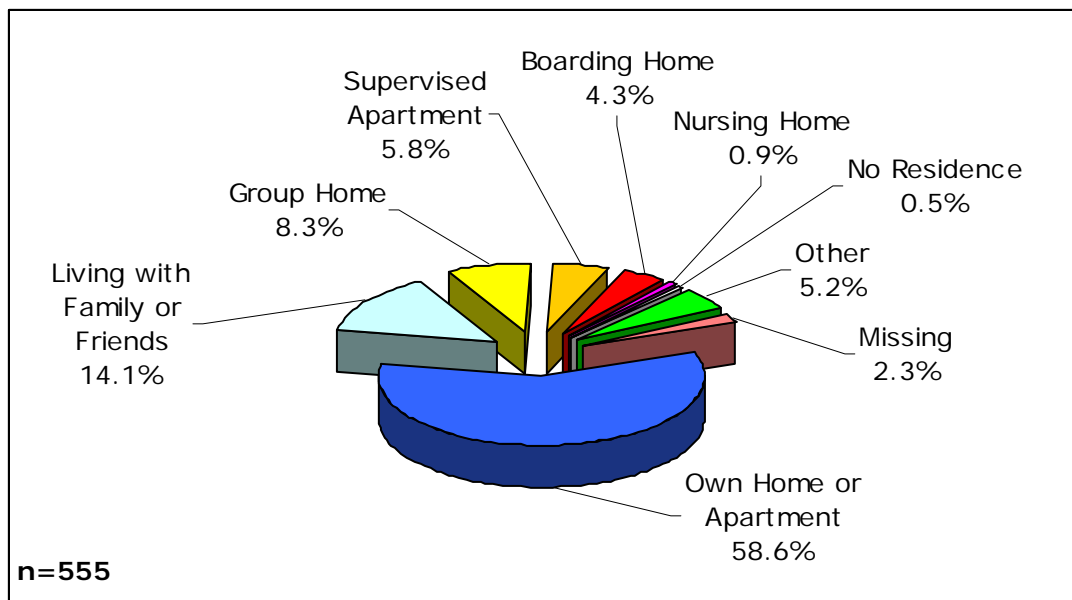
The following chart shows the availability of nursing facility beds by Maine housing market in 2004. Two regions, Greenville and Van Buren, have much higher rates per thousand of 65 and older population.

Nursing Facility Beds per 1000 of 65+ Population by Housing Market in 2004



Sources: 2004 Claritas and Department of Health and Human Services - Bureau of Elder and Adult Services and Bureau of Medical Services

Recipients of Services by Maine Health and Human Services: The Maine Department of Health and Human Services (DHHS) is a result of the combining of the former Department of Human Services and Department of Behavioral and Developmental Disabilities. Various clients are provided housing services or are in need of housing assistance. The following chart provided by DHHS shows the current living situations for department clients as of August 2008. Appendix H provides additional data on adults and children receiving services and their room and board assistance.



Source: Annual Class Member Survey 2008 – Maine DHHS

Persons with Physical Disabilities: An estimated 238,000 people in Maine have a disability, representing 18.4 percent of population ages five and older. Public forums conducted during the development of the Consolidated Plan were attended by a variety of individuals and groups including those advocating for the housing needs of the disabled. Needs identified included financial assistance for ramps and other home modifications permitting more independent living. Homeownership stability was noted as important for the disabled to improve access to services and support people, e.g., friends.

The physically disabled need appropriate, independent living situations including homeownership when appropriate. Assistance is needed for modifications to rental and homeownership units to accommodate physical disabilities. Some with disabilities also have income limitations therefore needing subsidy and other forms of assistance.

Special Housing Topics

Condition of Housing: There are an estimated 54,784 households with substandard housing in Maine. These households lack attic or wall insulation, have no functioning heating system, or live in a pre-1976 mobile home. Many poor homeowners have rehabilitation needs.

Lead Based Paint Hazard Reduction: There are an estimated 117,160 low-income households with lead-based paint in Maine. The people who occupy these units are spread throughout the state. Of the 117,160 units that have lead based paint, 55,161 are low-income renter units and 61,999 are low-income homeowner units. In October 2008 MaineHousing received \$3,000,000 through its third HUD Lead Paint Hazard Reduction Grant with the goal of performing lead hazard control activities in 280 housing units.

Rental Housing: Housing preservation, Section 8 rent subsidies, workforce housing, multi-family housing, rehabilitation, and NIMBYism are all issues MaineHousing addresses through its rental housing programs.

NIMBYism, or “not in my backyard”, provides challenges to housing development in many parts of the state. There has been organized opposition to higher density, more affordable housing, or housing serving special population groups. Affordable housing advocacy agencies are promoting improved methods for housing development to reduce sprawl and provide more traditional neighborhoods. Escalating land prices make it very difficult for affordable housing developers to obtain a site without greater costs and more difficult to prepare for development because of poorer quality locations.

Shown below is the number of occupied rental units in Maine as of 2009 by county.

Total Rental Units	
County	Rental Units
Androscoggin	16,082
Aroostook	8,412
Cumberland	36,791
Franklin	2,958
Hancock	5,690
Kennebec	14,310
Knox	4,495
Lincoln	2,570
Oxford	5,480
Penobscot	18,736
Piscataquis	1,535
Sagadahoc	4,171
Somerset	4,882
Waldo	3,245
Washington	3,139
York	21,893
Maine	154,389
Source: Claritas 2009.	

The 2000 Census provided the data in the following table showing homeowner and rental vacancy rates by county.

2000 Vacancy Rates in Maine		
	Vacancy Rate	
County	Homeowner	Rental
Androscoggin	1.4%	8.2%
Aroostook	2.9%	12.5%
Cumberland	0.7%	3.7%
Franklin	1.7%	8.9%
Hancock	1.9%	5.9%
Kennebec	1.6%	8.9%
Knox	1.3%	5.9%
Lincoln	1.9%	9.3%
Oxford	1.8%	10.7%
Penobscot	2.3%	6.2%
Piscataquis	4.0%	13.6%
Sagadahoc	1.0%	6.0%
Somerset	2.9%	11.4%
Waldo	1.8%	7.7%
Washington	4.3%	13.3%
York	0.9%	5.4%
Maine	1.7%	7.0%
Source: 2000 US Census		

The following table provides 2009 Maine Housing Section 8 vouchers by county. Appendix H of the Consolidated Plan provides additional housing assistance data and charts showing projections for expiring housing assistance program units for the elderly, families, and special needs. Section 8 occupancy data by race and housing type is also provided in Appendix H.

2009 Maine Housing Section 8 Vouchers by County				
County	Vouchers	Percent with Children	Percent with Disabled	Percent Female Head of Household
Androscoggin	79	47%	52%	76%
Aroostook	314	40%	55%	82%
Cumberland	153	65%	52%	76%
Franklin	186	54%	61%	80%
Hancock	73	49%	42%	79%
Kennebec	263	49%	61%	70%
Knox	237	43%	60%	76%
Lincoln	102	50%	54%	80%
Oxford	507	57%	44%	80%
Penobscot	213	39%	67%	74%
Piscataquis	60	58%	57%	78%
Sagadahoc	49	43%	67%	71%
Somerset	356	43%	69%	76%
Waldo	139	42%	65%	75%
Washington	109	61%	44%	77%
York	610	46%	54%	76%
Total/Average	3,450	48%	56%	77%

Source: HUD PIH System May 19, 2009.

Community Development Needs Assessment

An assessment and inventory of the community development needs for a state as large and diverse as the State of Maine is an exhausting task. With almost 500 cities, towns and unorganized territories, each with multiple community development needs and opportunities demographics, the breadth of this task can be easily seen. The state contains urban, suburban, rural communities and remote rural regions of great geographic and economic diversity. The assessment of community development needs must therefore be relatively general in nature but at the same time must be representative, at least as close as possible of the specific needs of Maine's cities and towns. The needs analysis for the 2010 Consolidated Plan update, as in past years, relies heavily on public input at public forums and during public hearings specific to the CDBG program.

The Assessment

The assessment process contains six elements: public information gathering forums; a formal public hearing and information gathering process; a review of related or similar federal or state programs; demographic and economic data; a review of historic CDBG applications and; the State's economic development strategy.

Public Forums: At each group presentation, training session, and meetings with regional service providers, an open discussion was held to examine the potential for new and/or improvements to existing CDBG programs to address community needs and evaluate their potential effectiveness.

Public Hearings: Each year the CDBG program adopts rules for the administration of the CDBG program in Maine. The process follows the State Administrative Procedures Act. This year was similar to last year. Facing the potential of reduced funding, the Office of Community Development took an extra step to determine state wide need for the CDBG program. There was one "informal" forum held in conjunction with the Maine Community Development Association prior to publishing of the 2010 Proposed Statement and the start of the rule making process. In addition to the forum, there was one formal public hearing with more than 75 people in attendance. This open solicitation sought comments from any interested party in verbal, written and via the internet. The actual number of comments was minimal, and the number of persons participating in the formal rule making/public hearing process was less than last year. The 2010 CDBG Program Statement is based on comments received regarding program changes and in particular on the allocation of the proposed budget amount for each program. The scoring process will remain very similar to last year and the community evaluation factor will be updated and published in the Program Statement so that communities will know that part of their score prior to submitting their application.

Information from related programs: Programs administered by Rural Development, Maine Dept. of Environmental Protection, Maine Dept. of Human Resources and the Maine State Housing Authority provide funds for community and economic development activities similar to CDBG. The current demand on these programs to fund community needs was reviewed. The DECD continues to meet at least annually with representatives of Rural Development, the Maine DEP, the state Drinking Water Program and the MSHA in an attempt to coordinate resources as much as possible.

CDBG application experience: A simple, yet effective, method to evaluate community needs is a review of recent and past CDBG applications. This provides a relative indicator of demand for funds and the type of projects communities have identified as needing immediate attention.

Demographic and economic data: This information is basic to any understanding of needs, though it is very general.

State economic development strategy – Commissioner’s priorities: In 2004 the Department of Economic and Community Development conducted an assessment of statewide economic development needs. This culminated in a state economic development strategy of which the CDBG program plays a significant part. The State Economic Development Strategy is in the process of being updated. This process will be completed by the end of the year (2010).

The Results

Public Forum: The forum was not designed to reach a consensus on the CDBG program but to obtain input from communities, service providers, engineering firms, consultants, program administrators and the public. In general, meeting attendees support the current allocation of CDBG resources and the existing menu of programs. Significant comments included:

- maintain program funding levels as close to last year as possible
- communities should establish their own priorities for CDBG funded projects
- retain a mix of economic development, housing, public infrastructure and public facilities
- retain funding for downtown activities in the present format including the Community Enterprise program
- Increase funding for Housing activities particularly rehabilitation
- Increase eligible activities for funding under the Public Service program

Public Hearings: Approximately 75 individuals, including community officials, economic and community development professionals, housing providers, technical assistance providers, consultants, community residents and leaders of nonprofit organizations attended our public hearing and information gathering session to provide comments and suggestions regarding the CDBG program for 2010 and to verbalize their community’s’ greatest CD and ED needs. The three greatest needs identified were for public infrastructure, particularly water and sewer projects, economic development job creation related projects and housing related programs, especially rehabilitation. Other types of programs identified by respondents were public services, public facilities (mostly community centers, historic preservation and fire stations) planning activities and downtown revitalization (particularly façade improvement) programs. Of these last four, downtown revitalization including facades had the strongest response.

Information on Related Programs: The Maine Department of Environmental Protection maintains an inventory of wastewater facility needs they have identified and prioritized. The list contains numerous projects with a combined total estimated cost that far exceeds available funding. To complicate matters further, many of the communities not only qualify for grant funds but truly are unable to repay loans for these projects while the demand exceeds grant funds there are loan funds available that are not being utilized for lack of ability to repay. Although some of these

projects are located in the state's five entitlement cities and one urban county, which are not eligible for the state CDBG program, there are also many that are in communities that while having a legitimate need, can not meet the eligibility criteria for CDBG funds.

The state Drinking Water Revolving Loan Program, like the MDEP, has several times the amount of requests as available funds, particularly grant funds. As might be expected, many requests are to address serious health threats but they also have requests for expansions to new developments and system upgrades. However, the program is only designed to address health, compliance and replacement of aging systems and can not be used for system expansions or fire protection.

The USDA Rural Development agency provides funds for water, storm water, wastewater, and reservoir construction projects. Over forty projects are on the waiting list to be funded with an estimated cost that as with other agencies far exceeds available funds. As with other agencies, not all the backlog of projects is eligible for CDBG funding. It should be noted that these lists are by no means inclusive of all potential projects.

CDBG Application Experience: CDBG programs are provided to eligible Maine communities through a competitive grant application basis. The following is a list of applications received and funded for the major CDBG programs from 2004 to 2009.

Program	2004		2005		2006		2007		2008		2009	
	Appls	funded	Appls	funded	Appls	funded	Appls	funded	Appls	funded	Appls	funded
Housing	24	10	23	8	13	6	14	7	16	8	20	7
Public Infrastructure	22	12	28	8	17	7	12	7	14	9	7	6
Public Facilities	23	11	21	8	19	13	15	8	11	8	11	7
Public Service	9	7	6	4	11	5	7	4	8	5	5	4
Economic Development	28	24	47	28	33	19	36	13	3	2	26	18
Downtown & Façade Program	12	6	12	7	14	9	14	7	13	9	12	7
Community Planning	39	24	19	16	18	16	26	15	30	24	14	11

Program	Percent of applications funded					
	2004	2005	2006	2007	2008	2009
Housing	41%	35%	46%	50%	50%	35%
Public Infrastructure	54%	29%	41%	58%	64%	85%
Public Facilities	48%	38%	68%	53%	73%	63%
Public Service	78%	67%	45%	57%	63%	63%
Economic Dev.	86%	60%	58%	36%	66%	69%
Downtown/Façade	50%	58%	64%	50%	69%	58%
Planning	62%	84%	89%	58%	80%	78%

It's fairly clear that demand for CDBG funds in all competitive programs exceeds the supply of funds.

For our Development Fund loan program demand continues not to meet supply primarily because market interest rates are very low and businesses can secure loans without the requirements or “red tape” associated with the CDBG program. Demand for Urgent Need funds has varied over the past years obviously dependent on unpredictable or unforeseen events.

The program has seen an increasing demand for projects to develop handicap access to public buildings and public access to the waterfront (boat ramps and piers) and historic preservation.

Demographic and Economic Data

Population: Without analyzing a hoard of complex data, simple conclusions can be drawn of Maine's population. 1) it's growing at a very slow rate, about as slow as any state in the country; 2) it's aging as the “baby-boom” cohort ages and as young people move out of state seeking perceived better job opportunities; 3) it's increasing faster in the southern and coastal regions and diminishing in the central, northern and eastern regions.

Economy: Maine's per capita income remains low; however the unemployment rate has been less than the national average. The state has experienced its best economic performance in over a decade. Baring unforeseen downturns in the world or national economy Maine should continue on its slow steady path of growth in income, wages and employment.

While Maine's economy has made ground, Aroostook, Piscataquis, Somerset, Waldo and Washington remain as the poorest counties in the state. Among the primary goals of DECD and the CDBG program is to improve the position of the state and particularly these most seriously distressed counties.

Unemployment: Compared to the dismal times of the recession of the early 1990's unemployment rates have improved. The state as a whole is below the U.S (the most recent figure is 4.8%).

Despite this positive situation several of the state's 35 labor market areas have rates that far exceed the national average.

While the CDBG program does fund projects in all regions of the state, its focus will remain on those with struggling economies and high rates of unemployment.

State Economic Development Strategy: Increasing economic opportunity for the people of Maine is Governor John Baldacci's top priority. Economic growth occurs through business retention, business expansion, business creation and business attraction. To achieve each, Maine's economic strategy must embrace four fundamental economic drivers. These drivers and their "subparts" are:

1. The creation of a fair and stable business environment
2. Investment in people
3. A clear focus on key sectors of the Maine economy
 - A. Mature industries
 1. Forest products industry
 2. Marine related activities
 3. Precision and niche manufacturing
 4. Tourism
 - B. Emerging industries
 1. Biotech and biomedical research
 2. Financial services
 3. Radio Frequency Identification
 4. Building our infrastructure

The Governor's Economic Strategy for Maine also contains several "cross-cutting issues" which potentially affect all four of the listed drivers, these are:

Entrepreneurship
The creative economy
Small business support
Youth summit
Indian Tribe development
International trade and business attraction.

While it would require more space than available to include the entire State of Maine Economic Development Strategy here, a copy can be obtained by contacting the Department of Economic and Community Development or visiting the State's website, however, as stated earlier, this is being updated and the new version will be available after the first of the year (2010).

The Sum

To sum up the general findings:

- Infrastructure, economic development and housing remain central to the CDBG program
- Interest in downtown revitalization activities remains strong

- Water, sewer and public facility (especially historic preservation) programs are in very high demand
- In general, community and economic development choices should be made at the community level

Five Year Strategic Plan 2010 – 2014

Affordable Housing

This strategic plan identifies how MaineHousing will utilize its various resources to meet the housing needs of Maine citizens during the next five years. Geographic priorities are specific to each housing program offered and limited according to funding source restrictions and identified needs.

Income eligible citizens, Community Housing Development Organizations, and housing developers may apply for grants or loans from anywhere in Maine. Low Income Housing Tax credit priorities include projects in rural areas and Difficult to Develop Areas. Home repair, lead paint hazard reduction, weatherization, and energy assistance services are delivered statewide through Community Action Agencies under contract with MaineHousing. The geographic distribution of the Tenant Based Rental Assistance Rental Assistance Coupon + Program is statewide.

MaineHousing distributes funds with a balance among the agency board's priorities and a resource allocation process that reviews housing needs among priority groups, e.g., people who are homeless. Resources are maximized to the extent possible. For example, Low Income Housing Tax Credits are distributed with HOME funds through Community Housing Development Organizations (CHDOs).

Public Housing

MaineHousing collaborates with local public housing agencies coordinating the use of housing vouchers. Public Housing Authority development projects are funded through MaineHousing's rental housing development programs. MaineHousing will continue to actively apply for new Section 8 vouchers. Rental subsidies will be supported through the combining of tax credits, bond capacity, HOME, and the Housing Opportunities for Maine (HOME) Fund (real estate transfer tax) where appropriate. MaineHousing is also the statewide Public Housing Authority (PHA). It also administers a Section 8 Homeownership Program the Family Self-Sufficiency Program. Section 8 vouchers may be project based depending on the need for housing for tenants transitioning from homeless shelters, including domestic violence into permanent housing. MaineHousing PHA Plan needs are based on the statements of needs of families on its waiting lists and on the needs identified in the Consolidated Plan's Housing Needs Assessment. MaineHousing is willing to provide assistance to troubled public housing agencies so that they may have their troubled designation removed. MaineHousing will work with HUD and provide the troubled public housing agency technical assistance including the administration of vouchers for them if needed.

Homelessness

MaineHousing provides financing to emergency shelters. Funding sources include the HUD Emergency Shelter Grant and state funds from the Real Estate Transfer Tax, and State General Fund. Support is also provided for transitional or subsidized housing. Rental assistance is provided to people who are homeless and working on self-sufficiency through the Tenant Based Rental Assistance Rental Assistance Coupon + Program. MaineHousing also provides assistance to stabilize

and rapidly re-house people who are at risk of being homeless through the Homeless Prevention and Rapid Re-Housing Program (HPRP).

HUD McKinney-Vento funding supports three Continuum of Care service provider groups in Maine. They consist of the City of Portland, Greater Penobscot, and Maine Balance of State Continuums of Care. The Maine Balance of State Continuum is coordinated by MaineHousing. The Balance of State Continuum of Care plan is provided as an appendix to this Consolidated Plan. The Housing Needs Assessment and Housing Market Analysis included in this Consolidated Plan provide information concerning the reasons for homelessness in Maine and appropriate responses that are being implemented.

Lead Based Paint

MaineHousing estimates that there are 63,480 low-income households with lead-based paint in Maine. Four state agencies are coordinating efforts to remove this danger from Maine homes and protect Maine families. The agencies are the Maine State Housing Authority, the Maine Department of Environmental Protection, the Maine Department of Health and Human Services, and the Maine Department of Economic and Community Development. Coordination activities also include USDA Rural Development and local housing authorities.

MaineHousing's program provides a grant to applicants with incomes at or below 80% of the area median income. Families with children under age 6 who test positive for elevated lead levels in their blood are eligible for priority funding. MaineHousing will combine HUD Lead Paint Hazard Reduction Grant funds with other resources to make 280 Maine homes lead safe during the next five years.

Supportive Housing

MaineHousing 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.

The programs typically offer financing through two program options:

- Homeless Housing Requests for Proposals (RFP), which are issued periodically and offer subsidy and debt funding on a competitive basis for the creation of housing units for persons who are homeless.
- Supportive Housing Program for non-homeless persons, which is periodically allocated funds and offers subsidy and debt funding on a walk-in basis (applicants must meet a minimum threshold score).

MaineHousing is providing subsidy funding from the federal Neighborhood Stabilization Program. These subsidy funds are allocated to the development of supportive housing for homeless persons and for persons with special needs. The funds are initially set aside for:

- the development of permanent housing on foreclosed upon properties in targeted communities for individuals and/or families who are homeless, and

- the development of permanent housing on foreclosed upon properties in targeted communities for individuals and/or families who have special needs and require supportive services to help maintain residency.

MaineHousing also provides funding for a new development for women who are homeless. Florence House in Portland is designed to serve up to 50 women in different types of settings – an emergency shelter, a transitional setting, and 25 efficiency apartments.

MaineHousing also produces housing that responds to specific needs. The 30 units in Iris Park Apartments in Portland, for instance, are designed especially to serve people who are blind. It is one of only two such apartment developments in the country. MaineHousing also provides funds to Alpha One to make homes accessible for people with disabilities throughout the state.

In the following table, we have ranked the priority need for each of the housing population groups:

PRIORITY	
HIGH	VLI Existing Home Owners
HIGH	VLI Renters
HIGH	Homeless Persons and Families
HIGH	VLI Persons with Special Needs
HIGH	First-time Homebuyers
MEDIUM	LI Renters
MEDIUM	Non-homeless Persons with Special Needs
MEDIUM	Low Income Owners
LOW	Large Related Renter Households

The total HOME resource allocation by MaineHousing during the five-year plan will serve the following housing populations:

OBJECTIVES / PRIORITY NEEDS	PRIORITY NEED LEVEL	# NEW HOUSEHOLDS SERVED	GEOGRAPHIC TARGETING/COMMENTS
Deep Rental Subsidy VLI LI	HIGH MEDIUM	600 200	Non-entitlement areas
Rehab Assistance for Home Owners VLI LI	HIGH HIGH	200 500	No restrictions for HOME
Rehab of Investor Owned Structures VLI LI MI	HIGH HIGH LOW	300 300 200	No restrictions for HOME
Ownership Opportunities LI MI	HIGH HIGH	3,000 3,000	No restrictions
Increase Supply of Housing	HIGH	750	Areas where documented need exists for additional units
Special Needs Housing	HIGH	125	No restrictions
Maintain Response for Persons and Families that are Homeless	HIGH	35,000	No restrictions

OBJECTIVES / PRIORITY NEEDS	PRIORITY NEED LEVEL	# NEW HOUSEHOLDS SERVED	GEOGRAPHIC TARGETING/COMMENTS
Develop a continuum of long-term, independent, affordable housing options.	HIGH	included in figures above	No restrictions
Maintain the homebuyer education training program	HIGH	10,000	Use of HUD dollars through hoMEworks education providers
Lead Paint Repair	HIGH	450	Restricted to non-entitlement areas
Replacement of Substandard homes	HIGH	100	No restrictions with rural priority

Housing Development Objectives: The following describes the statewide strategies used to meet the priorities identified above.

Deep Rental Subsidy (High Priority): MaineHousing (MH) will continue to work our public and private sector development partners to increase the number of deep rental subsidies. MH will actively apply for new Section 8 Voucher programs and work to more efficiently use its existing resources. Working with our partners, we will focus development in the areas of greatest need. Along with agency funds, MH will use a combination of tax credits, bond capacity, HOME, and the state HOME Fund, where appropriate.

Rehabilitation Assistance for Homeowners (High Priority): MH will continue its home repair program. The program is providing more financial options for the varied income strapped homeowners. A networking process will continue with Rural Development and the Maine Department of Economic and Community Development to provide statewide home rehabilitation assistance. Homeowners are provided services by Community Action Agencies under contract with MaineHousing. MH will also continue to support the program with funds for lead paint hazards. Community Action Agencies will continue to utilize the resources of the MaineHousing’s Weatherization program to make basic energy related repairs. Resources for this program may include HOME dollars, the state HOME Fund, the U.S. Department of Energy, U.S. Department of Health and Human Services, CDBG, and MaineHousing’s bonding capacity. MH is exploring a more coordinated approach between home repair and home weatherization.

Rehabilitation of Investor Owned Structures (High to Low Priority): The need to slow disinvestment in the state of Maine is driven by three factors: the poor quality of housing, the poor quality of some housing markets, and a preservation program to keep existing subsidized housing from going “to market”. Using the same products outlined in the deep rental subsidy program, MH will continue to supplement these with resources to serve smaller unit projects. These will include

use of the state HOME Fund, MH bond capacity, and when available, Rural Development funds. In defined community projects, CDBG funds will also be available.

MSHA will also seek ways to expand owner occupied rental housing ownership beyond the existing entitlement communities. Restricted by IRS rules, MSHA will seek other funding sources to underwrite the interest buydown and purchase plus improvement options. Other options may include further subsidies to maintain the low-income rental units and the use of tenant based rental assistance to assist tenant re-location (or subsidy), where the debt structure makes it impossible to maintain the lower rents. HOME funds will continue to support the tenant based rental assistance program.

Homeowner Opportunities (High Priority): Homeownership remains as one of the primary services that MaineHousing and Rural Development deliver in Maine. Flexible underwriting standards need to be balanced with the abilities of very low-income residents to absorb the responsibility of owning a home. Maine will continue to invest in homeownership training and education programs to assist potential buyers and educate the public on the importance of affordable housing development (and appropriate zoning standards).

Increasing Housing Supply (High Priority): Maine will continue adding rental housing to the areas most needing it. An important activity will be the targeting of tax credit dollars to areas of need. Affordable Housing Tax Increment Financing will also be utilized to increase the supply of single-family homes and multi-family housing.

MH will work with other funding agencies to provide replacement homes for mobile homes in worst condition and for other homes requiring rehabilitation far in excess of program funding limits for them to meet housing quality standards.

Special Need Housing (High to Medium Priority): The housing needs of special population groups exceeds the supply available for the different groups. There also continues to be limitations on the amount of service dollars to provide supportive programs. The creation of special needs housing requires communication and coordination among many agencies.

People with mental illness They require the greatest innovation of housing approaches and connection to services of all the special need populations. Persons with mental illness, substance abuse problems, or a combination of both, make up approximately half of the population in homeless shelters. Others are living on the streets or in independent living situations where a group home or transitional housing environment with services would be preferable. MaineHousing will continue to combine the following resources to serve this population group:

- McKinney money
- General Obligation Bonds
- 501c-3 Bonds
- state HOME Fund dollars
- federal HOME dollars through the CHDO process
- Department of Health and Human Services (DHHS)
- State Bridging Rental Assistance Program (BRAP)
- Section 8

MaineHousing will continue to work with for-profit and non-profit developers to create housing. MH will also coordinate with DHHS to provide the necessary services and housing supports through their regional delivery network.

The development of housing to serve the elderly will continue as a long-term need as Maine's population ages. Housing developed will be done along a housing continuum extending from seniors living independently to living in assisted living situations, and living in nursing care facilities as necessary. MH will continue to encourage new and innovative strategies for low-income households including:

- Helping seniors through home improvements including elderly hardship grants
- The creation of assisted living units through a variety of resources, including:
- Tax credits
- Taxable and tax-exempt bond sources
- The use of real estate transfer tax funds
- Encouraging applications to the 202 program, where appropriate
- The creation of traditional senior citizen housing
- The provision of services within existing senior housing to permit aging in place

MaineHousing will continue to work with the DECD, Maine DHHS, USDA Rural Development, and the Area Agencies on Aging to further develop senior housing options.

People with physical disabilities will be eligible for housing and services as described above, depending on the given situation. MH grant and loan funds can be used to make improvements to

homes in which the persons with physical disabilities live as long as HOME program requirements are met. DECD also provides funding for disability related home rehabilitation needs. Non-federal sources of funding for disability related home rehabilitation will be utilized when available.

Persons who are homeless housing alternatives will continue to be developed through Maine's statewide Continuum of Care. Their needs are substantial with transitional housing being one of the most difficult issues. Resources will be made available to create permanent housing for the working poor. MH's supportive housing program and McKinney funds will be used to create specific types of transitional housing as funding sources permit. Transitional and permanent housing will continue to be developed for those groups needing on-going services. Tenant based rental assistance, i.e., Rental Assistance Coupon Plus Program, and a security deposit program are two methods utilized MH to assist the homeless.

MH will be using Homeless Prevention and Rapid Re-Housing Program (HPRP) funds in four initiatives. Homeless Diversion & Prevention Program Individuals and families at imminent risk for homelessness or already homeless will be linked with resources needed for housing stabilization. Housing Retention & Stability Specialists will be located in agencies around the state, helping individuals and families connect with General Assistance, employment and training options, conflict resolution and mediation services, applications for rental subsidies, housing search, and other support services. The Engagement & Housing Stabilization Program for Individuals Program for individuals with apparent or diagnosed mental illness or co-occurring disorders will be served from emergency through stability by service providers who will engage with these individuals, provide case management, and oversee support services with a goal of permanent housing and an adequate support network. MaineHousing's Security Deposit Program will be incorporated with the Homeless Diversion and Prevention Program. Funds to assist households (in addition to those listed in the two initiatives outlined above) that will help them transition more quickly from homelessness to stable housing, will be awarded to the sub-grantees that were selected in the Homeless Diversion and Prevention Program and each shelter throughout the state will have access to financial assistance funds for security deposits to assist their homeless clients through the sub-grantee in their geographic area. Funds will be provided to Pine Tree Legal Association to continue an eviction prevention project (Homeless Advocacy Project) that has a primary strategy of Pine Tree attorneys serving as "lawyer of the day" in several District Court locations when "forcible entry and detainer" (FED) proceedings are scheduled in order to provide legal representation to low-income tenants.

2010 Action Plan: One Year Use of Funds

Executive Summary

This document represents Maine's 2010 Action Plan update to the Five-Year Consolidated Plan. The plan identifies economic, community and housing needs, and program strategies for addressing them.

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. More than 90,000 Maine households benefited from MaineHousing's programs in 2008 -- about 16 percent of households statewide.

MaineHousing leverages a variety of financial resources, including bonds, tax credits, federal and state block grants, pass through funding and competitive grants. During 2008, the federal HOME program, American Dream Downpayment Initiative (ADDI), and Emergency Shelter Grant (ESG) were very important to MaineHousing's activities, and enable accomplishments in the following program areas:

- *Homebuying assistance.* MaineHousing helped 1,163 homebuyers achieve the American Dream of homeownership in 2008. ADDI and HOME funds were used to provide downpayment or gap financing for 113 of these homebuyers through the Maine American Dream Initiative.
- *Rental housing development.* In 2008, MaineHousing financed 66 new family housing units, 100 units of senior housing, and 29 units of supportive housing. In addition, 241 family units, 100 senior units, and 59 supportive units were completed. HOME funds were used in 61% of the new units financed and 9% of the units completed, and enabled use of low income housing tax credits.
- *Home improvement.* In 2008, MaineHousing financed necessary home repairs in 248 homes, and replaced 24 homes that were beyond repair. HOME was an important source of subsidy in these home repair and replacement efforts. Assistance was also provided to make 92 homes with at-risk children lead safe. Additional programs offered low interest loans to improve home energy efficiency, and to assist homeowners whose homes were damaged in natural disasters.
- *Emergency shelter.* MaineHousing helped to finance 42 emergency shelters statewide that together provided 250,738 bednights of service in 2008; the Emergency Shelter Grant was an important part of shelter funding. Using state funds, MaineHousing also financed shelter repairs, assisted low income renters with security deposits, and helped emergency shelters to house people off site when shelters are full.
- *Rental Assistance.* The Rental Assistance Coupon+ Program, also known as Tenant Based Rental Assistance, provided rental assistance coupons to 95 new individuals or families who were homeless and worked with them to develop individualized plans to work toward self sufficiency within two years; HOME was the primary source of funding for this program. MaineHousing also assisted an average of 3,827 households a month through the Section 8 Housing Choice Voucher Program.

Comparable accomplishments are expected in 2009 and 2010.

Public Input

MaineHousing and the Department of Economic and Community Development work closely together to ensure citizen participation and public input.

- In 2009, four public forums were held throughout the state. Participation was encouraged through mailings to hundreds of individuals and agencies, website postings, and newspaper notices.
- Public input is also welcome at all times in the form of telephone conversations, e-mails, and letters.

The following are representative of the comments heard in 2009 at the public forums.

Comments on existing programs:

- Replace more of the older mobile homes – beef up MaineHousing’s mobile home replacement program with DECD and Rural Development support.
- Alpha One has helped 25 people in the Bangor area get portable ramps during the past two years. They can get in and out of their homes and it helps them manage their health care. Some of the ramps have been reused so the number is higher than 25.
- Services funding is needed for people who are homeless, in transitional housing, and with mental illness.
- Pay more attention now to accessibility needs in planning for new units. Also meets the needs of our aging population.

Comments on market conditions and housing needs:

- Many homeownership failures are due to owners not understanding budgets and maintenance costs.
- There is a need for more affordable housing investment in Aroostook County. The needs are different than in southern Maine and even very different across communities within the County.
- Supportive housing needs are great. There are few units built each year.

Questions and ideas:

- Encourage and help people build their own homes.
- Manufactured housing is now of better quality. Can vouchers be used to help with mortgages?
- Create a statewide Section 8 single application process and database.

- How many rental units are accessible?

Anticipated Use of Funds in 2010

Rental housing and supportive housing development
 \$3,203,296 Rental Loan Program & CHDOs
 Rental assistance
 \$2,620,879 Rental Assistance Coupon + Program (TBRA)
 Emergency homeless shelter operations & essential services
 \$769,813 Emergency Shelter Grant

Actual use of funds will depend on a continuing assessment of need, availability of other funding, and MaineHousing's judgment on the optimal leveraging of funds to meet its objectives.

HUD Performance Objectives, Outcomes and Goals for 2010

Rental Loan Program and Community Housing Development Organizations
 Objective: Provide decent affordable housing.
 Outcome: Affordability
 Goal: 150 New affordable rental units developed

Supportive Housing Program and Community Housing Development Organizations
 Objective: Create suitable living environments.
 Outcome: Availability/accessibility
 Goal: 25 New supportive housing units developed

Tenant Based Rental Assistance
 Objective: Provide decent affordable housing.
 Outcome: Affordability
 Goal: 150 New households assisted

Program Activities and Program Specific Requirements

Spending priorities planned for the use of HOME funds include:

- Rental housing and supportive housing development, through the Rental Loan Program and Community Housing Development Organizations -- \$3,203,296
- Rental assistance, through the Rental Assistance Coupon + Program (Tenant Based Rental Assistance) -- \$2,620,879

This assumes that the HOME funding allocation will be at a level comparable to 2009. If funding is increased or decreased, the program allocations will be adjusted accordingly.

MaineHousing plans on using \$647,131 for HOME eligible administrative and planning costs. This represents the 10 percent permitted by the HOME Program Final Rule.

A general overview of the continuing programs that will benefit from HOME is provided below. More detailed information is available upon request.

PROGRAMS

A. RENTAL HOUSING AND SUPPORTIVE HOUSING DEVELOPMENT, THROUGH THE RENTAL LOAN PROGRAM AND COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

The **Rental Loan Program** (RLP) provides long-term mortgage financing at attractive interest rates for development of affordable rental housing in projects of 5 or more units.

The goal of the RLP is to provide mortgage financing that enables federal low income housing tax credits to be utilized.

Program objectives are to:

- Maximize use of tax exempt bonds to develop affordable housing.
- Provide affordable mortgage financing that enables developers to utilize low income housing tax credits.
- Provide below-market, 30 year fixed rate notes that enable project viability.
- Provide capital for preservation of existing rental housing.

This program is a companion to the tax credit program, and provides subsidized financing to enable use of tax credits. When an RLP loan is used in conjunction with the 9% tax credits, interest rate subsidy is provided by funds from the HOME program. Match is provided through below market rate loans – the present value of the interest savings. When RLP financing is used in conjunction with the 4% credits, interest rate subsidy is generally provided by bond revenues. Administrative guidance for the Rental Loan Program is provided through the Rental Loan Program Guide which is available upon request. Administrative guidance for the Low Income Housing Tax Credit Program is provided through a rule making process to establish the Allocation of State Ceiling for Low Income Housing Tax Credit which is available upon request.

The CHDO set-aside is achieved through the Qualified Allocation Plan in the Tax Credit Program and through the companion Rental Loan Program.

The **Supportive Housing Program** (SHP) provide reduced interest rate financing and subsidy funding to eligible nonprofit developers to create housing for low and very low income persons with special needs.

The goal of the SHP is to finance projects that provide affordable supportive housing to people who are homeless and people with special needs.

Program objectives are:

- Provide low-cost capital to nonprofit developers who can't afford conventional financing.
- Enable social service providers to better serve some of Maine's neediest clients in a stable housing situation.

The subsidy awarded in this program is currently provided by the Housing Opportunities for Maine (HOME) fund. Administrative guidance for the Supportive Housing Program is provided through the Supportive Housing Program Guide which is available upon request.

Most affordable rental housing is developed for people earning less than 60% of area median income. The current affordable housing portfolio of more than 18,000 units may seem large until you consider that 74,000 rental households in Maine earn less than 60% of area median income (AMI).

The need for affordable supportive housing is also large. There are about

- 143,351 people with physical disabilities
- 92,668 people with mental illness
- 40-60 new HIV cases per year
- 1,200 people who are chronically homeless
- 14,000 people who are victims of domestic violence annually

B. RENTAL ASSISTANCE, THROUGH THE RENTAL ASSISTANCE COUPON + PROGRAM (TENANT BASED RENTAL ASSISTANCE)

The **Rental Assistance Coupon Plus Program (RAC+ Program)** offers two years of rental assistance to eligible people who have been homeless for seven or more consecutive days and who are willing to participate in a self-sufficiency program.

Marketing is targeted to homeless shelters so that homeless families and individuals will be aware of this program, although referrals can come from other sources, such as the Department of Health and Human Services, city welfare offices, or Department of Corrections.

The goal of the RAC + Program is to enable people who are homeless to achieve decent affordable housing.

Program objectives are:

- Assist 150 new households.
- With consulting assistance, evaluate the process for providing services and identify opportunities for improvement.

This program is funded primarily with federal HOME Partnership Program funds. Match is provided through MaineCare. Consumers access the program through MaineHousing, generally by referral from a network of emergency shelters. Administrative guidance for the RAC + Program is provided through the RAC + Program Guide which is available upon request.

The unmet need for stable housing is disheartening. At least 7,000 people were homeless in Maine in 2008. Over the past 10 years, shelters funded with assistance from MaineHousing provided over 2.3 million bednights of service.

C. NON-ALLOCATED PROGRAMS: 2010

Appendix D provides descriptions of programs not identified to receive specific allocations. Because of limitations upon available housing resources, MaineHousing has not allocated HOME resources to those programs at this time, but reserves the right to make such allocations during this program year. The decision to shift resources will be based on changes in the market and demand for the product that may occur, as well as having surplus available through one of the other programs.

Emergency Shelter Grants Program

INTRODUCTION:

The program is administered by the U.S. Department of Housing and Urban Development, which will oversee MaineHousing compliance with federal program regulations. The program that follows is based on funding at present levels with change subject to shifts in federal allocation formulas.

The Emergency Shelter Grant (ESG) program is designed to help improve the quality of existing emergency shelters for homeless persons and families and to help provide certain essential services to individuals and families that are homeless, so that these persons have access not only to safe and sanitary shelter, but also to the supportive services and other kinds of assistance they need to improve their situations. To help meet the costs of operating emergency shelters, the program is also intended to restrict the increase of homelessness through the funding of preventive programs and activities. ESG grant funds may therefore be used for the above activities.

This funding opportunity is available to existing emergency shelters throughout the state. ESG funds will be awarded by MaineHousing to homeless shelters sponsored by non-profit organizations and local municipalities. Administrative guidance for the Emergency Shelter Grant Program is provided through the Homeless Programs Rule which is available upon request.

In addition to the ESG funds, MaineHousing also provides State Shelter Assistance Program monies and proceeds from Financial Adjustment Factor funds. The total amount of funding is roughly \$3.5 million. The majority of funds will be parceled out to the existing emergency shelters based upon a bednight per diem rate with the remainder being evenly distributed to participating emergency shelter agencies.

MaineHousing and the Statewide Homeless Council worked out basic threshold criteria that shelters shall meet in the upcoming year, in addition to state and federal regulations as follows:

- a. be a shelter operated by a non-profit corporation in good standing in the State of Maine qualified for tax exemption under 501(c)(3) of the Internal Revenue Code or a municipal corporation;
- b. be a fixed facility, unless the shelter is a safe home serving victims of domestic violence;
- c. provide overnight shelter 365 days per year;
- d. accept eligible persons regardless of their ability to pay, eligibility for reimbursement or actual reimbursements from any third party source, including local, municipal, state or federal funding sources;
- e. provide for intake and assessment of Homeless Persons and offer shelter clients links to appropriate services, including services that help clients move toward appropriate stable housing;

- f. allow shelter clients to stay a length of time to meet their individual circumstances and needs unless a fixed length of stay is required by licensure;
- g. have no lease requirements for shelter clients;
- h. serve a need which may be demonstrated by community support, regional homeless council support, reporting data and other analyses;
- i. provide for response to telephone inquiries 24 hours a day;
- j. timely pay any payments due to MaineHousing and promptly remedy any issues cited by MaineHousing;
- k. timely submit monthly, biannual, and annual reports to MaineHousing;
- l. have the administrative and financial management capacity necessary to operate the shelter and to account for the use of a grant in accordance with this rule;
- m. not engage in any inherently religious activities, such as worship, religious instruction, or proselytize, as part of the activities and services funded with any grant for activities or services covered by this rule; and if religious activities are offered, they must be offered at a separate time or location from the activities and services covered by this rule; and participation in those religious activities must be voluntary for persons receiving assistance with funds covered by this rule;
- n. meet any requirements peculiar to the particular grant requested;
- o. operate its shelter in compliance with all applicable federal, state, and local building codes, laws, and regulations;
- p. operate its shelter free from discrimination on the basis of age, race, color, religion, national origin, physical or mental disability, sexual orientation, or gender in accordance with applicable federal and state fair housing laws; and conform to the Maine minimum shelter standards.

Agencies not meeting state and federal regulations will not receive funding.

EMERGENCY SHELTER GRANT USES:

Emergency Shelter Grants may be used for the following:

- Maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings provided no more than 10% of a grant is used for cost of staff;
- Essential Services provided the Essential Services are new or a quantifiable increase over those provided by local government and no more than 30% of a grant is used for Essential Services;
- Homeless Prevention Services provided no more than 30% of a grant is used for Homeless Prevention Services;

- Major rehabilitation or conversion of a building if the building will be used as an Emergency Shelter for 10 years and meets safety, sanitation, and environmental standards imposed by the McKinney Act;
- Minor rehabilitation if the building will be used as an Emergency Shelter for 3 years and meets safety, sanitation, and environmental standards imposed by the McKinney Act.



State of Maine

Community Development Block Grant Program

2010 Proposed Program Statement



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**2010 PROPOSED PROGRAM STATEMENT
19-498 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
CHAPTER 38 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

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The Office of Community Development reserves the right to fund only those applications deemed to be in the best interest of, and that offer definable benefits to, the State of Maine and the Community Development Block Grant Program. Applications will not be funded out of rank order except in instances where a preceding application is deemed ineligible or is withdrawn by the applicant.

**19-498 CMR DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
CHAPTER 37 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
2009 PROGRAM STATEMENT**

SUMMARY

This Proposed Program Statement describes the method by which 2010 Community Development Block Grant (CDBG) program funds will be distributed. The CDBG program is administered pursuant to 5 M.R.S.A 13073. The 2010 CDBG program is being developed by the Department of Economic and Community Development (DECD) following a review of past programs, a forum with program constituents, and a comprehensive assessment of statewide community and economic development needs. In accordance with the Maine Administrative Procedures Act, DECD will hold a public hearing regarding the development of this Proposed Program Statement on August 21, 2009.

SECTION 1. PROGRAM OVERVIEW

A. CDBG OBJECTIVES

All CDBG funded activities must meet one of three National Objectives of the program. These objectives are:

- Benefit to low and moderate income persons;
- Prevention and elimination of slum and blight conditions; and
- Meeting community development needs having a particular urgency.

The Maine CDBG Program serves as a catalyst for local governments to implement programs which meet one of the three National Objectives, and:

- Are part of a long-range community strategy;
- Improve deteriorated residential and business districts and local economic conditions;

- Provide the conditions and incentives for further public and private investments;
- Foster partnerships between groups of municipalities, state and federal entities, multi-jurisdictional organizations, and the private sector to address common community and economic development problems; and
- Minimize development sprawl consistent with the State of Maine Growth Management Act and support the revitalization of downtown areas.

B. METHOD OF DISTRIBUTION

DECD, through the Office of Community Development (OCD), offers programs to assist municipalities to achieve their community and economic development objectives. The 2010 Proposed Program Statement provides a description of the selection criteria that OCD will use to allocate CDBG funds among communities. Programs are grouped under the four broad categories listed below.

1. Community Development

- a. Housing Assistance Grants
- b. Home Repair Network
- c. Critical Access Ramp Program
- d. Public Infrastructure Grants
- e. Public Facilities Grants
- f. Public Service Grants
- g. Downtown Revitalization Grants
- h. Maine Downtown Center Assistance
- i. Urgent Need Grants

2. Economic Development

- a. Grants to Municipalities for Direct Business Support
- b. Development Fund Loans
- c. Community Enterprise Grants
- d. Non-Profit Development Grants
- e. Interim Financing Program Loans
- f. Section 108 Loan Program (Contingent upon HUD approval)

3. Planning

- a. Community Planning Grants

4. Special Projects

- a. Special Projects Matching Fund
- b. Technical Assistance

C. STATE ADMINISTRATION

- 1. General Administration Allocation:** Pursuant to Section 106(d) (3) (A) of the Housing and Community Development Act of 1974, as amended (the Act), the DECD will utilize \$100,000 plus up to 2% of its allotment from the Department of Housing and Urban Development (HUD) to administer Maine's CDBG Program in accordance with Federal and State requirements.
- 2. Technical Assistance Administration Allocation:** Pursuant to Section 106(d) (5) of the Act, DECD will utilize 1% of its allotment from HUD to provide technical assistance with Federal and State requirements.

D. EXCLUSION OF ENTITLEMENT COMMUNITIES AND COUNTIES

The entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Brunswick, Casco and Frye Island are not eligible to receive State CDBG program funds.

E. NOTICE – GRANT ADMINISTRATION REQUIREMENT

Communities must employ a certified CDBG Grant Administrator and in the case of Housing Rehabilitation a certified Rehabilitation Technician (as employees or consultants). The Director, Office of Community Development must approve waivers of this requirement in writing. All planning activities including Community Planning Grants are exempt from this requirement.

F. PROGRAM TIMEFRAME

Application deadlines – All applications and Letters of Intent must be received at the physical location of the Office of Community Development by 4:00PM EST on the dates listed below:

Program	Letter of Intent Due Date (All dates are “on or before”)	Application Due Date
Public Facilities	December 4, 2009	January 22, 2010
Public Infrastructure	December 4, 2009	January 22, 2010
Economic Development (Rd 1)	February 12, 2010	March 26, 2010
Economic Development (Rd 2)	May 28, 2010	July 16, 2010
Economic Development (Rd 3)	August 13, 2010	September 24, 2010
Downtown Revitalization	January 22, 2010	March 5, 2010
Community Enterprise	January 22, 2010	March 5, 2010
Housing Assistance	February 19, 2010	April 2, 2010
Public Service	March 19, 2010	April 30, 2010
Non-Profit Development	N/A	March 19, 2010
Community Planning	N/A	May 14, 2010
Urgent Need	N/A	Beginning on March 19, 2010
Interim Financing	N/A	Open – by invitation only
Special Projects Matching Fund	N/A	Open – by invitation only
Development Fund	N/A	First Friday of each month**

**** If the first Friday of the month falls on a holiday or state shutdown day, the DF application will be due by 4:00pm on the next business day.**

G. PROGRAM BUDGET

FY 2010 Proposed CDBG Budget	\$12,852,382
Administration	355,048
Technical Assistance Administration	128,524
Regional Council Technical Assistance	300,000
Special Projects Matching Fund	109,810
1. Housing Assistance Grants	2,225,000
2. Home Repair Network Program	1,103,000
3. Critical Access Ramp Program	300,000
4. Public Infrastructure Grants	2,250,000
5. Public Facilities Grants	1,300,000
6. Public Service Grants	250,000
7. Downtown Revitalization Grants	600,000
8. Maine Downtown Center	201,000
9. Urgent Need Grants	100,000

Economic Development Program

Business Assistance Grants *		Round
1 (March 26, 2010 application date)	800,000	
Round 2 (July 16, 2010 application date)		750,000
Round 3 (September 24, 2010 application date)		700,000
Development Fund Loans **		
Community Enterprise Grants	1,050,000	
Non-Profit Development Grants		250,000
Interim Financing Program ***		
Section 108 Loan Program ****		

11. Community Planning 80,000

* Funds will be reserved for each of the three rounds of the Business Assistance Grant Category as stated above. A decision to exceed the amount allocated for rounds 1 and 2 by more than \$100,000 is at the discretion of the OCD Director.

** The Development Fund Program will utilize only repayments from prior DF loans to fund future DF Program applications.

*** The Interim Financing Program is available on an as needed basis. Funds are loaned against unexpended CDBG program funds at any given point with a 100% guarantee of repayment for a period of not more than 6 months.

**** If a DECD application to HUD for the Section 108 Loan Program is approved, the 2010 Final Program Statement will be amended to include a description of the method for distribution and use of loan repayments to DECD.

H. THRESHOLD CRITERIA AND REGULATIONS FOR THE CDBG PROGRAM

The following state and federal regulations **APPLY TO ALL PROGRAMS**

1. Federal and State Certification for Local Governments:

All communities applying for CDBG funds must certify that they will:

- Minimize displacement and adhere to a locally adopted displacement policy in compliance with section 104(d) of the Act;
- Take action to affirmatively further fair housing and comply with the provisions of Civil Rights Acts of 1964 and 1968;
- Not attempt to recover certain capital costs of improvements funded in whole or in part with CDBG funds;
- Establish a community development plan;
- Meet all required State and Federal public participation requirements;
- Comply with the Federal requirements of Section 319 of Public Law 101-122 regarding government-wide restriction on lobbying;
- With the exception of administrative or personnel costs, verify that no person who is an employee, agent, consultant, officer, elected officer, or appointed official of State or local government or of any designated public agencies, or subrecipients which are receiving CDBG funding may obtain a financial interest or benefit, have an interest in or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect to CDBG activities;
- Any person or firm associated with the administration of the CDBG program award is not on the U.S. Department of Labor's Debarred and Suspended Contractor's List; and
- Review the project proposed in the application to ensure it complies with the community's comprehensive plan and/or applicable state and local land use requirements.

2. General Requirements:

(a) Prohibition on Multiple Grants: Except for the Economic Development Program (EDP), eligible applicants may not apply for, or benefit from, more than one grant per program category in any grant year. Communities participating in multi-jurisdictional applications may submit their own applications for the same program as long as they demonstrate that there will not be a duplication of program activity/benefit.

(i) Community Enterprise Prohibition - Communities applying

for a Community Enterprise (CE) grant may not apply for, receive, or benefit from a Downtown Revitalization (DR) grant in the same program year.

(ii) Downtown Revitalization Program Prohibition - Communities applying for a Downtown Revitalization (DR) grant may not apply for, receive, or benefit from a Community Enterprise (CE) grant in the same program year.

(iii) Eligible applicants applying on behalf of a Maine Indian Tribe are permitted to apply in the same 2010 CDBG funding category as long as the eligible applicant will not directly benefit from the tribal CDBG project.

(b) Prohibition on Subsequent Year Award: Except for the Economic Development Program (EDP) and designated Public Infrastructure Grant Program (PI) activities, units of general local government and Unorganized Territory that benefited from a 2009 award may not apply again in that specific program until the 2011 program. PI grantees in Activity Group Number 1, as listed in Section 2. E. 3. (a) (1) on Page 21 of this Statement may apply for grants in consecutive years to complete the same project.

(c) Special Prohibition for Housing Assistance (HA) Grantees: Communities may not submit a HA application if they have received or benefited from two (2) HA awards (rehabilitation, innovative or a combination) within the five (5) year period prior to the CDBG program year for which applications are being accepted.

(d) Special Prohibition for Downtown Revitalization (DR) Grantees: Communities may not submit a DR application if they have received or benefited from two (2) DR awards within the five (5) year period prior to the CDBG program year for which applications are being accepted. **Applications for multi-jurisdictional Downtown Revitalization projects will only be eligible if the downtowns are contiguous and each meets the definition of a downtown as defined in PL 776.**

(e) Restriction of Grant Awards: OCD may deny or restrict the award of grants to communities with outstanding audit(s), monitoring findings, or a record of administrative misconduct.

(f) Past Performance: In order to be eligible to apply for a 2010 Community Development Block Grant program, communities that received CDBG grants in or prior to 2006 must have finally closed out their grants prior to application due date. Communities that received CDBG grants in 2007 must have conditionally closed their grants prior to application due date. Communities that received CDBG grants in 2008 must have expended 50% of their benefit activity funds prior to application due date. Communities that received 2009 CDBG grants must be under contract with DECD. All Past Performance Criteria will be strictly enforced; however these criteria may be waived for just cause by the Director, OCD in the case of applicants having existing Economic Development program awards where job creation benefit has not been met. Waivers will not be considered for those projects which exceed the final contracted date for job creation by more than 12 months.

(i) Special Housing Assistance Grant Program (HA) Past Performance

Requirement - Communities are not eligible to apply for a HA grant unless all prior HA grants are 100% expended and conditionally closed out. 100% expended also requires that no HA funds exist in the housing escrow account.

(g) Grant Termination: OCD will terminate a community's grant if progress on the project is not apparent within 6 months, or 3 months in the case of Community Planning Grants, from the date of contract signing. The Director of Office of Community Development may grant waivers for cause.

(h) Eligible Activities: Applications will be reviewed to determine that the activities proposed are eligible under Section 105(a) of the Act. Ineligible activities will not be considered.

(i) Project Benefit: Letters of Intent and required documentation for all programs with the exception of Non-Profit Development Program, Urgent Need Grant Program, Special Project Matching Fund, Critical Access Ramp Program, SBDC Technical Assistance and Community Planning Grant Program will be reviewed to verify that the proposed activities meet at least one of the CDBG Program national objectives pursuant to section 104(b) 3 of the Act. If the activity does not meet a national objective the application will not be considered for funding and returned to the applicant.

(j) Repayment of Grant Funds: Recipients must repay on demand to the State of Maine all funds expended if CDBG program benefits are not achieved as specified in their contract with the DECD.

(k) Changes in Title 30-A, Subsection 4349-A as amended by PL 776: Significant changes were made to the "Growth Management Act" by the 119th Legislature that affect the award of CDBG grants after January 1, 2001. OCD will provide information separate from the Program Statement outlining these changes and their impact on the award of CDBG grants for "growth related capital investments" as defined in the statute.

(l) Preference for Communities: In accordance with MRSA Title 30-A subsection 4349-A (3), OCD is required to give preference in the award of grants to capital investments defined as "growth related" in subsection 4301(5-B) to communities with certified growth management programs or that have adopted a comprehensive plan and implementation strategy consistent with the goals and guidelines of the subchapter. A municipality that does not obtain a certificate or finding of consistency within 4 years after receipt of the first installment of a financial assistance grant or rejection of an offer of financial assistance will receive a low priority.

3. Eligible Applicants:

All units of general local government in Maine, including plantations, except for the entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco and Frye Island are eligible to apply for and receive State CDBG program funds. County governments may apply on behalf of the Unorganized Territory. Groups of local governments may apply for multi-jurisdictional or joint projects. Multi-

jurisdictional applications require designation of one local government as the lead applicant and consent for that designation by each participating local government. Counties may apply for the Economic Development or Public Service programs on behalf of a collaboration of communities. **Eligible applicants, including counties as defined above may apply for CDBG assistance on behalf of the five Maine Indian Tribes. Maine Indian Tribes are not themselves eligible applicants.**

4. Application Threshold Requirements:

Incomplete and/or non-conforming applications which do not meet the specifications set forth in the 2010 Program Statement and 2010 CDBG Application Packages will be removed from the scoring process during the threshold review.

5. Financial Commitments as a Threshold Requirement:

Applications for projects not demonstrating a firm financial commitment as required in the application materials will be removed from the scoring process during the threshold review.

6. Scoring of Applications:

Applicants will be placed in rank order from highest to lowest according to the final scores determined by the OCD Review Team. All program applications with the exception of the Special Project Matching Fund, Urgent Need Grants, SBDC Technical Assistance, Home Repair Network, Critical Access Ramp Program and Non-Profit Development Grant program will be scored on a 100-point maximum scoring basis with allowance for bonus points where applicable. Final scores will be determined by averaging the scores assigned by members of the 4-person OCD Review Team and adding any applicable community evaluation factors and bonus point totals. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. **In the event of a tie in any CDBG program scoring process, first consideration will be given to the community that is listed by the Maine State Planning Office as a Service Center; if both applicants meet this definition, the tie will be broken based on the highest Community Evaluation Factor.** An invitation into the Project Development Phase is not a guarantee of funding or permission to obligate funds. Successful communities will receive an amount determined by the OCD for their project.

(a) Community Evaluation Factor: A pre-determined community evaluation factor with a maximum point total of 20 will be added to the average review team score for each application for the Housing Assistance, Public Infrastructure and Public Facilities grant programs to determine the final score. The Community Evaluation Factor will be based on pre-determined criteria established by an independent authority for each community in Maine and be published in the 2010 Program Statement.

7. Minimum Score for CDBG Applications to be Considered for Funding:

Except for the Non-Profit Development Grant Program (NPDG) there is no minimum score for CDBG applications to be considered for funding.

8. Project Development Phase:

(a) Project Planning: Details of the project including pre-engineering, inspections, cost analysis, feasibility, and/or market studies.

(b) Management Plan: Details of the structure and methods established by the community for program management.

(c) Regulations: Project Development Phase applications will be reviewed for compliance with State and Federal regulations.

(d) Project Eligibility: Verification that proposed activities are eligible under The Act.

(e) Project Benefit: Verification that proposed activities meet one of the CDBG Program National Objectives.

(f) Environmental Review: Review of project for compliance with State and Federal Environmental Regulations.

(g) Project Development Phase Requirement: All communities receiving a CDBG program grant award must complete the project development phase materials as outlined in the Maine CDBG Program materials and handbooks.

9. Project Development Phase Timeframe for Completion and OCD Assistance:

The goal of the Project Development Phase is a grant contract for CDBG funds. An OCD Development Program Manager will be assigned to work closely with each community to finalize their project. OCD will rescind the CDBG program award offer if the community is not under contract within six months of the date of the award offer and invitation into the project development phase process. For the Community Planning Grant program OCD will rescind the CDBG program award offer if the community is not under contract within three months of the date of the award offer and invitation into the project development phase process. The Director of the Office of Community Development may grant waivers for just cause.

SECTION 2. COMMUNITY DEVELOPMENT

A. HOUSING ASSISTANCE GRANT PROGRAM

The Housing Assistance Grant (HA) Program provides funding to address housing problems of low-and moderate-income persons.

- 1. Special Threshold Criteria and Program Requirements:** Housing Assistance Program (HA) funds will be distributed through an annual grant application selection process.
 - (a) Special Threshold Requirement for Housing Assistance Applications:** Communities may not submit a HA application if they have received or benefited from two HA awards within the five (5) year period prior to the CDBG program year for which applications are being accepted.
 - (b) Eligible Housing Assistance Activities:** Eligible HA activities are rehabilitation of occupied or vacant single-family or multi-family housing units, same site replacement housing, relocation assistance, acquisition, alternative housing, energy conservation, code enforcement, conversion of non-residential structures, demolition, down payment assistance, first time homebuyer's programs, historic preservation, lead based paint removal, new housing construction as allowed by HUD regulations, provision of potable water or sewer, removal of architectural barriers and eligible planning activities necessary to complete the Project Development Phase. **Except for general housing rehabilitation activities and well and septic replacement no multi-jurisdictional applications will be accepted in the HA program.**
 - (c) Matching Funds Requirements:** Applicants for housing activities must provide a match (cash or in-kind) of at least 10 percent of the total HA grant award; except for eligible new housing construction activities which must provide a cash match of at least 20 percent of the total HA grant award.
 - (d) Maximum HA Grant Amount:** \$250,000
 - (e) Maximum Housing Assistance Program Per-Unit Costs:** The amount of rehabilitation grants or loans available to participants in the HA Program will be no more than \$30,000 per unit. Additional funds, up to a maximum of \$10,000 may be available in the following cases: replacement housing, Life Safety Code violations, foundation work, inadequate sewage disposal, lack of potable water, removal of lead-based paint, asbestos, radon, or other hazardous material, and accessibility modifications. Except for

acquisition/relocation as a combined activity, all other eligible activities under the HA Program are limited to a maximum of \$40,000 per unit assisted/created. Maximum per-unit costs for any housing activity may only be waived by written approval from the OCD Director. **Public infrastructure is not an eligible HA expense.**

(f) Maximum Administrative Costs: The HA Program allows expenditures for general and/or rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 15% of the grant amount. **Please refer to OCD Policy Statement #2 for more information regarding CDBG administrative costs.**

(g) Section 8 Housing Quality Standards: All units assisted or created with HA funds, with the exception of emergency repairs and energy conservation must, at a minimum, meet HUD Section 8 Minimum Housing Quality Standards. This does not apply to projects undertaken to correct specific health and safety issues only, i.e. wells, septic, heating units, removal of hazardous materials, etc.

(h) Minimum Percentage of LMI Units in New Housing Construction: A minimum 20% of new units created using HA funding must be reserved for LMI families. In addition, the minimum required percentage of new units reserved for LMI families must be proportional to the percentage of HA funding provided towards the total project cost.

(i) Administrative Capabilities for Housing Rehabilitation Applicants: Applicants for HA assistance must demonstrate at the time of submitting the Letter of Intent that they have the capacity to administer the program either through municipal staff that is a Certified CDBG Rehabilitation Technician; or have completed a procurement process under the guidelines of the CDBG program (24 CFR Part 85) to hire a Certified CDBG Rehabilitation Technician subject to award of a HA contract.

2. Selection Process: The selection process for all HA applications will consist of three phases; a letter of intent, an application phase and a project development phase.

(a) Letter of Intent: All communities wishing to submit a HA application must submit a Letter of Intent to OCD on or before February 19, 2010 according to the requirements set forth in the 2010 Housing Assistance Application Package.

(b) Application: The maximum length of an application is **four pages, not counting required attachments.** The application deadline for the HA

Program is 4:00PM on April 3, 2010. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 80 points is obtainable.

(i) Impact (30 points):

*A description of the specific housing problems to be addressed with HA funds – 10 points

*How the problems were identified – 10 points

*How these issues affect LMI persons in the community or region – 10 points

(ii) Development Strategy (30 points):

*A description of the plan proposed to implement the housing project – 10 points

*How emphasis will be placed on a community based approach using collaborative efforts 10 points

*Summary of the activities and use of HA funds –10 points

(iii) Citizen Participation (20 points):

*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

*Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

Stage 2: Community Evaluation Factor – A Community Evaluation Factor with a maximum point total of 20 has been pre-determined by an

independent authority for each community in Maine and published in the 2010 Program Statement.

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to the pre-determined Community Evaluation Factor. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

B. HOME REPAIR NETWORK PROGRAM (Limited to the City of Rockland)

The Home Repair Network Program (HRN) provides funding to address housing problems of low- and moderate-income persons by combining CDBG funding with the Maine State Housing Authority and the United States Department of Agriculture Rural Development Program funding. This program will provide housing rehabilitation services administered on a regional basis throughout Maine, except as stated in 1 (b) below.

1. Special Threshold Criteria and Certifications: HRN Program funds will be distributed through a set aside of CDBG funds provided to the City of Rockland as the lead community. The lead community will establish a legally binding contract with each of the participating Maine Community Action Agencies or other approved entity identified for the Home Repair Network delivery system as approved by OCD.

(a) Eligible Activities:

(i) Eligible activities under the HRN Program are rehabilitation of occupied or vacant single-family or multi-family housing units, demolition, same site replacement housing, provision of potable water and sewer, removal of lead-based paint, asbestos, radon, or other hazardous material, removal of architectural barriers, and relocation assistance.

(b) Housing units ineligible for Home Repair Network assistance:

(i) Housing units located in communities that have current CDBG Housing Rehabilitation programs or the entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco, Frye Island and Westbrook are not eligible for financial assistance under the HRN program.

(c) The lead community must certify that each designated program administrator will:

(i) Provide a match equivalent of 10 percent of their total grant award.

2. Special Program Requirements:

(a) Maximum HRN Grant Amount: \$1,103,000, with \$150,000 allocated to each of the established regions and \$50,000 allocated to the Franklin County Region.

(b) Maximum Home Repair Network Program Costs: The amount of grants or loans available to participants in the HRN Program will be no more than \$30,000 per unit. Additional funds, up to a maximum of \$10,000 may be available in the following cases: replacement housing, Life Safety Code violations, foundation work, inadequate sewage disposal, lack of potable water, removal of lead-based paint, asbestos, radon or other hazardous material, and accessibility modifications. The

maximum of \$40,000 may only be exceeded by written approval from the OCD Director.

(c) Maximum Administrative Costs: The HRN Program allows expenditures for general and rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 15% of the grant amount. The City of Rockland is allowed a maximum of \$3,000 in administrative funding.

(d) Section 8 Housing Quality Standards: All units assisted or created with HRN funds must, at a minimum, meet HUD Section 8 Minimum Housing Quality Standards. This does not apply to projects undertaken to correct specific health and safety issues only, i.e. wells, septic, heating units, removal of hazardous materials, etc. In addition, all units must comply with other applicable standards included in the HRN contract.

C. CRITICAL ACCESS RAMP PROGRAM (Limited to the Town of Fort Fairfield)

The Critical Access Ramp Program (CARP) provides funding to address accessibility problems of low- and moderate-income disabled persons through a partnership with Alpha One. This program will provide moveable, reusable ramps administered on a regional basis throughout Maine, except as stated in 1 (b) below.

1. Special Threshold Criteria and Certifications: CARP funds will be distributed through a set aside of CDBG funds provided to the Town of Fort Fairfield as the lead community. The lead community will establish a legally binding contract with Alpha One as approved by OCD.

(a) Eligible Activities:

(i) Eligible activities under the CARP are construction and installation of moveable, reusable ramps at the residences of disabled low-to-moderate income persons.

(b) Housing units ineligible for CARP Assistance:

(i) Housing units located in the entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco, Frye Island and Westbrook are not eligible for financial assistance under the CARP.

3. Special Program Requirements:

(a) Maximum CARP Grant Amount: \$300,000.

(b) Maximum Administrative Costs: The CARP allows expenditures for general and rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 15% of the grant amount. The Town of Fort Fairfield is allowed a maximum of \$3,000 in administrative funding.

D. PUBLIC FACILITIES GRANT PROGRAM

The Public Facilities Grant (PF) Program provides gap funding for local public facility activities, which are part of a community development strategy leading to future public and private investments.

1. Special Threshold Criteria and Certifications: PF Program funds will be distributed through an annual grant submission and review process

(a) Eligible Activities: Eligible activities in the PF program are construction, acquisition, reconstruction, rehabilitation, site clearance, historic preservation, and relocation assistance **associated with** public facilities projects; eligible planning activities necessary to complete the Project Development Phase.

(b) Match: All communities applying for PF funds must certify that they will provide a cash match of at least 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

2. Program Activities:

Activity Breakdown: Applicants may apply for one or more activities within a specific activity group. Applicants cannot mix activities from different activity groups in an application.

4. Special Program Requirements:

(a) Maximum PF Grant Amounts

<u>Activity Group Numbers</u>	<u>Maximum Amount</u>
1) Fire Stations	\$350,000
2) Community, child, senior, and health centers, libraries sheltered workshops, homeless shelters, pier/wharf	\$350,000
3) Removal of architectural barriers (as a distinct, stand-alone project)	\$150,000
4) Historic preservation (as a distinct, stand-alone project)	\$150,000
5) Fire fighting equipment, salt/sand storage shed transfer station, parks and recreation facilities, public works garages.	\$ 50,000

(b) Funding Restrictions: PF may not be used for the purpose of job creation/retention or housing activities.

(c) Demonstration of National Objective: Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted to OCD. For spot blight activities documentation must be submitted to OCD substantiating the condition of the structure as “blighted.” *These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday December 4, 2009.*

(d) Requirement for Applications for Removal of Architectural Barriers as a Stand Alone Project: Communities seeking to assist any existing facility utilized for the conduct of general local government must be a 51% or more low-to-moderate income community.

(e) Requirements for Applications for Historic Preservation as a Stand Alone Project: Applicants must submit with the application a letter from the State Historic Preservation Officer endorsing the proposed project and certifying that the facility is currently on or eligible for inclusion on, the National Register of Historic Places.

(f) Priority for Public Facilities Projects: Regional Service Centers and Contiguous Census Designated Places and Compact Urban Areas Designated as Regional Service Centers and activities supporting the revitalization of downtown areas will be given priority during the evaluation and selection process for awarding PF program funds. Lists of all service center communities are available from the State Planning Office or OCD.

4. Selection Process: The selection process will consist of three phases: a letter of intent, an application phase and a project development phase.

(a) Letter of Intent and Verification of CDBG National Objective: All communities wishing to submit a PF application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday December 4, 2009 according to the requirements set forth in the 2010 PF application package.

(b) Application: The application deadline for the PF Program is 4:00PM on January 22, 2010. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 80 points is obtainable.

(i) Impact (30 points):

- *A description of the why the project is necessary – 6 points
- *Conditions warranting new construction or renovations, including health and safety concerns– 8 points
- *How these conditions affect LMI persons in the community or region – 8 points
- *Size and make up of user base of facility – 4 points
- *Why PF funds are necessary for project – 4 points

(ii) Development Strategy (30 points):

- *A description of the new or renovated facility, including size, design factors, alleviation of health and safety factors, utilities and location – 6 points
- *Specific use of PF funds – 6 points
- *Positive effect on LMI persons – 6 points
- *Project timeline, details of engineering or architectural work completed to date, proposed date for start of construction, tasks remaining prior to project implementation, final commitment of other funds and how PF funds will be expended within a 12 month period – 12 points

(iii) Citizen Participation (20 points):

- *How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points
- *Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points
- *Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

Stage 2: Community Evaluation Factor – A Community Evaluation Factor with a maximum point total of 20 has been pre-determined by an independent authority for each community in Maine and will be published in the 2009 program Statement.

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to the pre-determined Community Evaluation Factor. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

E. PUBLIC INFRASTRUCTURE GRANT PROGRAM

The Public Infrastructure Grant (PI) Program provides gap funding for local infrastructure activities, which are part of a community development strategy leading to future public and private investments.

1. Special Threshold Criteria and Certifications: PI Program funds will be distributed through an annual grant application submission and review process.

(a) Eligible Activities: Eligible activities in the PI Program are construction, acquisition, reconstruction, installation, relocation assistance **associated with** public infrastructure, and public infrastructure limited to supporting construction of fully-funded affordable LMI housing; eligible planning activities necessary to complete the Project Development Phase.

(b) Match: All communities applying for PI funds must certify that they will provide a cash match of at least 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

2. Program Activities:

Activity Breakdown: Applicants may apply for one or more activities within a specific activity group. Applicants cannot mix activities from different activity groups in an application.

3. Special Program Requirements:

(a) Maximum PI Grant Amounts

<u>Activity Group Numbers</u>	<u>Maximum Amount</u>
1) Water system installation/improvements, sewer system installation/improvements, water/sewer system hookups, storm drainage, utility infrastructure, dams with the main purpose of providing the primary water storage facility for an active water district or municipal system. (Road or reconstruction is not eligible)	\$500,000 street
2) Infrastructure in support of new LMI affordable fully financed housing	\$500,000
3) Streets and roads, parking, curbs, gutters	\$100,000

(b) Funding Restrictions: PI funds may not be used to assist infrastructure for the purpose of job creation/retention. Job creation/ retention infrastructure activities are eligible in the Economic Development Program. With the exception of proposals for infrastructure in support of new housing construction and sewer/water system hookups, no housing activities may be assisted with PI funds.

(c) Demonstration of National Objective: Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate

income persons or 2) preventing or eliminating slum or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted to OCD. ***These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday December 4, 2009.***

(d) Priority for Public Infrastructure Projects: Regional Service Centers and Contiguous Census Designated Places and Compact Urban Areas Designated as Regional Service Centers and activities supporting the revitalization of downtown areas will be given priority during the evaluation and selection process for awarding PI program funds. Lists of the service center communities are available from the State Planning Office or OCD.

4. Selection Process: The selection process will consist of three phases: a letter of intent, application phase and a project development phase.

(a) Letter of Intent and Verification of CDBG National Objective:

All communities wishing to submit a PI application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday December 4, 2009 according to the requirements set forth in the 2010 PI application package.

(b) Application: The application deadline for the PI Program is 4:00PM on January 22, 2010. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 80 points is obtainable.

(i) Impact (30 points):

*A description of the why the project is necessary, previous efforts to address needs, and how the project was prioritized locally – 5 points

*How the infrastructure problems were verified, including studies, testing and record keeping – 6 points

*How the verified health, safety and welfare conditions affect users and others in the community and region – 6 points

*Size and demographic make up of user base and target area of projected infrastructure project – 5 points

*Why PI funds are necessary to fill a funding gap and how other funding sources will work with PI funds to implement the project – 8 points

(ii) **Development Strategy (30 points):**

*A description of the proposed infrastructure improvements, including size, capacity, design, utilities and fit with existing systems – 6 points

*Positive impacts on health, safety and welfare of users directly attributable to proposed PI expenditures – 6 points

*Extent of financial benefits to users from reduced rates, rents and other costs. If financial benefits cannot be quantified, identify other short and long term benefits that will be experienced – 6 points

* Project timeline: list tasks necessary to begin implementation. Identify work already completed, such as engineering, design and final commitment of other funds. Identify when remaining tasks will be completed. Estimate a project completion date and describe why project timeline is feasible – 12 points

(iii) **Citizen Participation (20 points):**

*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

Stage 2: Community Evaluation Factor – A Community Evaluation Factor with a maximum point total of 20 has been pre-determined by an independent authority for each community in Maine and published in the 2010 Program Statement.

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to the pre-determined Community Evaluation Factor. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as

funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

F. PUBLIC SERVICE GRANT PROGRAM

The Public Service Grant (PSG) Program addresses community resource needs by providing funding for operating expenses, equipment, and program materials for public service programs which will benefit low/moderate income (LMI) persons.

1. Special Threshold Criteria and Certifications: PSG Program funds will be distributed through an annual grant application selection process.

(a) Eligible Activities: Eligible activities include operating and program material expenses for child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, senior citizen services, homeless services, drug abuse counseling and treatment, and energy conservation counseling and testing; eligible planning activities necessary to complete the Project Development Phase. Structural changes such as construction, renovation, or rehabilitation are **not** eligible for PSG funding.

(b) Project Benefit: Eligible PSG projects must provide benefits to one of the groups of persons listed below:

(i) Persons who are members of the following groups that are currently presumed by HUD to meet benefit requirements. The presumption may be challenged if there is substantial evidence the group served by the project is most likely not comprised of principally LMI persons;

- Abused Children (Does not include “at-risk” youth)
- Battered Spouses (Does not include all victims of domestic violence)
- Elderly Persons
- Severely Disabled Adults
- Homeless Persons
- Illiterate Adults
- Migrant Farm Workers
- Persons Living with AIDS; or

(ii) Participants in a program where 51% or greater of the persons receiving benefit from PSG activities are determined to be LMI; or

(iii) Communities designated as 51% or greater LMI by the 2000 U.S. Census and HUD. The purchase of ambulances and other directly related public safety equipment is allowable. The purchase of fire fighting and law enforcement equipment with PS funds is prohibited.

(c) All communities applying for PSG funds must certify that:

(i) The public service represents a new service to the community; or a quantifiable increase in the level of an existing service;

(ii) A match equivalent of 20 percent of the total grant award will be provided; and,

(iii) The activity will meet the need **or** will continue after PSG funding is expended.

2. Special Program Requirements:

(a) **Maximum PSG Amount:** \$50,000

3. Selection Process: The selection process will consist of three phases – a letter of intent, an application phase and a project development phase.

- a. **Letter of Intent:** All communities wishing to submit a PSG application must submit a Letter of Intent to OCD on or before March 19, 2010 according to the requirements set forth in the 2010 Public Service Application Package.
- b. **Application:** The maximum length of an application is **four pages, not counting required attachments**. The application deadline for the PSG program is 4:00PM on April 30, 2010. Each application will be rated in relation to all others in a two-stage process.

Stage 1: Review Team Analysis – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

(i) **Impact (30 points):**

*A description of the scope, magnitude and severity of the identified problems – 8 points

*Past efforts to deal with the identified problems – 4 points

*Conditions requiring a new or expanded service – 5 points

*Issues faced by service providers including capacity, finances and staffing – 6 points

*Why PSG funds are critical for the project – 7 points

(ii) **Development Strategy (40 points):**

*A description of the new or expanded service, specific use of PSG funds, including how this service will resolve identified problems, and why this service will be more effective than existing services for the targeted beneficiaries – 8 points

*How PS funds will be utilized solely to assist LMI persons or a HUD approved Limited Clientele group – 8 points

*Project timeline, including a start date, tasks completed to date and how PSG funds will be expended in a timely manner – 10 points

*Capacity and qualifications of the service provider implementing the project, including familiarity with the needs of project beneficiaries, and the experience of the overall PSG grant administrator – 7 points

*How the public service established or expanded with PSG funding will continue after the PSG funding ends, or there will no longer be a need for these services after the PSG program ends – 7 points

(iii) Project Leverage (10 points):

*Budget Page review – 3 points

*Matching Funds Table review - 3 points

*% which all firm commitments exceed minimum 20%

0% - 15% – 0 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

(iv) Citizen Participation (20 points):

*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

*Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

*How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

Stage 2: Final Application Score – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

G. DOWNTOWN REVITALIZATION GRANT PROGRAM

The Downtown Revitalization Grant (DR) Program provides funds to communities to implement comprehensive, integrated, and innovative solutions to the problems facing their downtown districts. These community revitalization projects must be part of a strategy that targets downtown service and business districts and will lead to future public and private investment. Qualified applicant communities must have a downtown district meeting the definition of PL 776 enacted by the 119th legislature.

1. Special Threshold Criteria and Certifications: DR Program funds will be distributed through an annual grant application selection process.

(a) Eligible activities - include all those eligible under the Public Facilities, Public Infrastructure, Housing Assistance or Community Enterprise programs as relevant to the revitalization of a downtown district; and eligible planning activities necessary to complete the Project Development Phase.

(b) Multiple Year Award Prohibition - Communities may not submit a DR application if they have received or benefited from two (2) DR awards within the five (5) year period prior to the CDBG program year for which applications are being accepted.

(c) Community Enterprise Program Prohibition - Communities applying for a DR grant may not apply for, receive, or benefit from a Community Enterprise Program (CE) grant in the same program year.

(d) Match – All communities applying for DR Program funds must certify that they will provide a cash match equivalent to 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc. contributed to the project.

2. Special Program Requirements

(a) Planning Requirements: Applicants must have completed a comprehensive downtown revitalization planning process within the past five years. Communities with plans older than five years must demonstrate that their plans are under active implementation, the action plan remains valid, or have been updated within the past 5 years. The proposed DR activities must be in the plan as recommended actions necessary for downtown revitalization.

(b) Maximum DR Award: \$500,000

(i) Bonus Points for Applicants with Maine Downtown Center

Designation: Applicants will receive three bonus points if they have been designated as a Main Street Maine Community by the Maine Downtown Center or one bonus point if they have been designated as a Maine Downtown Network Community.

(c) Demonstration of National Objective: Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted to OCD. ***These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday January 15, 2010.***

3. Selection Process – The selection process will consist of three phases: a letter of intent, an application phase and a project development phase.

(a) Letter of Intent and Verification of CDBG National Objective:

All communities wishing to submit a DR application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday January 22, 2010 according to the requirements set forth in the 2010 DR application package.

(b) Application: The maximum length of an application is **six pages, not counting required attachments**. The application deadline for the DR Program is 4:00PM on March 5, 2010. Each application will be rated in relation to all others in a three-stage process.

Stage 1: Review Team Analysis – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

(i) Impact (30 points):

Describe the scope and magnitude of the problems, and how they are obstacles for revitalizing the downtown. – 8 points

*Explain how the problems negatively impact the viability of existing downtown businesses, or new development and expansion. – 8 points

*Demonstrate how the problems affect LMI persons, or how they contribute to slum/blight conditions. – 7 points

*Explain why DR funds are necessary for the project, and describe efforts to secure other grant or loan funds. – 7 points

(ii) Development of Strategy (40 points):

*Clearly link the proposed DR activities to action steps outlined in your community's Downtown Action Plan, and explain how the project will stimulate economic activity in the downtown. – 10 points

*List the specific activities to be addressed in this downtown revitalization effort, and identify the tasks to be undertaken with DR funds and the activities to be undertaken with each other source of funds. – 10 points

*Define how the proposed DR activities provide a solution to the problems and assist in improving the area’s viability, and how the activities will have a positive impact on LMI persons, or on alleviation of the slum/blight conditions. – 10 points

*Describe the capacity and experience of the administrator who will be implementing the project, describe the engineering and design work completed to date, provide a project timeline, and explain how DR funds will be expended in a timely manner. – 10 points

(iii) Project Leverage (10 points):

*Budget Page review – 3 points

*Matching Funds Table review - 3 points

*% which firm cash commitments exceed minimum 25%

0% - 15% – 0 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

(iv) Citizen Participation (20 points):

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation. – 4 points

*Relevance of listed meeting/hearing comments (not counting required public hearing) and the overall citizen participation process in application and project development. – 4 points

*Involvement of downtown and local businesses, Chambers of Commerce, development groups or other business related organizations in identification of problems and development of the application and project. – 4 points

*Involvement of potential LMI project beneficiaries in development of the application and project, and how the required public hearing relates to the application development and citizen participation process. – 4 points

*How other local resources (cash and in-kind) are directly related to the project, and the establishment of a cash value equivalent for all in-kind commitments. – 4 points

Stage 2: Maine Downtown Center Designation Bonus – 3 bonus points will be assigned to each applicant community designated as a Main Street Maine Community by the Maine Downtown Center.

Stage 3: Final Application Score – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to any applicable Maine Downtown Center Bonus. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final application Score required for an application to be considered for funding.

H. MAINE DOWNTOWN CENTER ASSISTANCE (Limited to the City of Gardiner)

The Maine Downtown Center Assistance (MDCA) provides funding to support activities undertaken by the Maine Downtown Center on behalf of communities addressing critical needs in established downtown areas.

1. Special Threshold Criteria and Certifications: MDCA funds will be distributed through a set aside of CDBG funds provided to the City of Gardiner as the lead community. The lead community will establish a legally binding contract with the Maine Downtown Center as approved by OCD.

(a) Eligible Activities:

(i) Eligible activities under the MDCA are planning, capacity building, technical assistance and administration directly related to furthering the Maine Downtown Center’s objectives in building vibrant, sustainable Maine downtowns. Assistance will be available to Main Street Maine communities as well as communities not currently so designated. Assistance will be made available as determined by the Maine Downtown Center and OCD.

(b) Communities Ineligible for MDCA Assistance:

(i) The entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco and Frye Island are not eligible for financial assistance under the MDCA.

3. Maximum Administrative Costs:

(a) The City of Gardiner is allowed a maximum of \$1,000 in administrative funding.

4. Special Program Requirements:

(a) Maximum MDCA Grant Amount: \$201,000.

I. URGENT NEED GRANT PROGRAM

The Urgent need Grant (UN) Program provides funding to communities to address serious and immediate threats to health and welfare which are declared state or federal disasters.

1. Special Threshold Criteria and Certifications:

(a) Project Eligibility: Pursuant to Section 104 (b) 3 of the Housing and Community Development Act of 1974, as amended, the applicant must address a community development need which:

(i) poses a serious and immediate threat to the health or welfare of the community;

(ii) originated or became a direct threat to public health and safety no more than 18 months prior to submission of the application;

(iii) is a project the applicant cannot finance on its own. “Cannot finance on its own” means, that the town’s tax burden, regulatory structure, utility user fees, bonding capacity, or previous or existing budgetary commitments, precludes it from assuming the additional financial obligation needed for this project; and

(iv) cannot be addressed with other sources of funding.

2. Special Program Requirements:

(a) Necessary Documentation: The emergency situation must require immediate action to alleviate the serious and imminent threat of injury or loss of life resulting from a natural or man-made cause.

(b) State or Federal Declaration of Disaster: The applicant must submit documentation that the project to be assisted with UN funds will take place in an area that has received a state or federal declaration of disaster. In addition, the activities to be assisted must be a direct result of the event leading to the declaration.

(c) Application Submittal: Applicants must submit a complete UN application that includes all required information and documentation.

(d) Maximum UN Grant Amount: The lesser amount of 50% of the total project cost or \$100,000.

3. Selection Process: The selection process will consist of two phases: an application phase and a project development phase.

Application: An UN application must include the following:

- (a) documentation that the emergency situation was prompted by natural or man-made causes that pose an imminent threat of injury or loss of life;
- (b) certification that the proposal is designed to address an urgent need and an immediate response is required to halt the threat of injury or loss of life;
- (c) information regarding when the urgent need condition occurred or developed into a threat to health and safety;
- (d) evidence confirming the applicant is unable to finance implementation on its own; and,
- (e) documentation that other financial resources are not available to implement the proposal.
- (f) a copy of a state or federal declaration of disaster.

4. Phase II Project Development: Prior to consideration of a grant award, all UN proposals must meet the four Threshold criteria and the Special Program requirements. Project Development Phase applications must comply with the following:

- (a) **Project Planning:** Details of the project including engineering, cost analysis, feasibility, and structural analysis as necessary.
- (b) **Management Plan:** Details of the structure and methods established by the community for program management.
- (c) **Regulations:** Project Development Phase applications will be reviewed for compliance with State and Federal regulations.

5. Approval Process: The UN funds will be available beginning **March 19, 2010**. **Applications will be accepted on a first-come first-served basis.** Following receipt of an application, OCD shall review the application and verify that it contains all the required information. Eligible planning activities necessary to complete the Project Development Phase may be included in the UN grant total. Notification to the applicant of the Director, Office of Community Development's decision will initiate the Project Development Phase process necessary for contract award.

SECTION 3. ECONOMIC DEVELOPMENT

A. ECONOMIC DEVELOPMENT PROGRAM

The Economic Development program (EDP) provides communities with *gap* funding to assist identified businesses in the creation/retention of jobs for low-and moderate-income persons.

1. Eligible EDP Activities and Maximum Grant and Loan Awards:

(a) Activity Breakdown: Applicants may apply in only one specific **grant** activity group. Applicants for Activity Group Numbers 2 and 3 below may also utilize the DF Loan Activity for the same project but are limited to a total of \$400,000 in EDP assistance.

<u>Activity Group Numbers</u>	Maximum Award
<p>1) Grants to Municipalities: for acquisition, relocation, demolition, clearance, construction, reconstruction, installation and rehabilitation <u>associated with public infrastructure</u> projects such as water and sewer facilities, flood and drainage improvements, publicly-owned commercial and industrial buildings, parking, streets, curbs, gutters, sidewalks, etc. All public infrastructure must be owned by the municipality or public or private utility and be in support of an identified business.</p>	<p>\$300,000</p>
<p>2) Grants to Municipalities for Direct Business Support: for non-capital equipment, land and site improvements, rehabilitation or construction of commercial or industrial buildings.</p>	<p>\$200,000</p>
<p>3) Grants to Municipalities for Direct Business Support: Working Capital and capital equipment.</p>	<p>\$100,000</p>
<p>4) Development Fund Loan (DF): for acquisition of existing facilities, land and site improvements necessary for the construction of a new facility, rehabilitation or construction of commercial or industrial buildings, structures, non-capital equipment, capital equipment, working capital and real property improvements and the development of affordable LMI housing.</p>	<p>\$300,000</p>

Economic Development Program funds cannot be used to refinance existing debt.

2. Threshold Criteria:

(a) Project Benefit: All projects must document that at a minimum, 51% of all jobs created or retained as a result of the funded activity must be taken/held by persons of low and

moderate income as defined by HUD. Jobs created/retained must be in the community applying for the EDP award, new jobs to that community and not associated with any other branches of the assisted business located in another community. Transfer positions cannot be counted toward the job creation/retention requirements. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment to DECD of all CDBG funds expended on the project.**

(b) Job Creation Threshold Requirements: *Each* job created with EDP assistance must meet or exceed the Per Capita Income earnings listed in the published schedule contained on the EDP Letter of Intent for the Maine County where the EDP project will take place. “Earnings” means the base pay paid by the qualified business, plus any overtime, incentives or commissions paid. Projects not meeting the job creation threshold requirement will be removed from competition during the Letter of Intent process. EDP Letters of Intent in support of bona fide job retention are not required to meet the Per Capita Income earnings threshold.

(c) Program Dollars Per Job: The maximum CDBG participation per job created or retained with EDP funds in a **non** Pine Tree Development Zone or not in an identified Empowerment Zone or HUB Zone is \$20,000. The maximum CDBG participation per job created or retained with EDP funds for a **certified** Pine Tree Development Zone business and/or a business located in an Empowerment Zone or HUB Zone is \$30,000. **Pine Tree Development Zone certified means that the business has been certified as a Pine Tree Development business by the Department of Economic and Community Development at the time of application.**

(d) Full Time permanent Jobs: In determining CDBG National Objective compliance with jobs created or retained only **Permanent** jobs may be counted; temporary jobs may not. Full time jobs require a worker to work at least 1750 hours per year. Part time jobs require a worker to work at least 875 hours but less than 1750 hours per year. Part-time jobs **must** be converted to Full Time Equivalents (FTE). An FTE is defined as two part time jobs. **Seasonal** jobs may count only if the seasonal job lasts long enough and provides sufficient income to be considered the employee's principal occupation. (Contact OCD prior to counting seasonal jobs towards LMI benefit.) **All** permanent jobs created by the project must be counted, regardless of funding source(s). Jobs indirectly created by the project (i.e., remote location, “trickle down” jobs) do not count.

(e) Minimum EDP Application Amount: \$50,000

(f) Maximum Project Size for Utilizing EDP Funds: \$5,000,000

Phasing of projects to make the total cost appear to be below the maximum project size is expressly forbidden.

(g) Minimum Per Capita Income Requirement: *All* jobs created with EDP assistance must meet or exceed the Per Capita Income earnings established for the Maine County where the EDP project will take place.

(h) All EDP activities must be in support of an identified business; speculative activities are prohibited.

3. Program Requirements:

(a) **EDP Letter of Intent Due Dates for Activity Group Numbers 1-3 ONLY:** 4:00PM on February 12, 2010, May 28, 2010 and August 13, 2010.

(b) **EDP Application Due Dates for Activity Group Numbers 1-3 ONLY:** 4:00PM on March 26, 2010, July 16, 2010 and September 24, 2010.

(c) **EDP Application Due Dates for Activity Group Number 4 ONLY:** Due the first Friday of every month by 4:00 p.m. If that day is a recognized State Holiday or State shutdown day the due date would then be the following regular business day by 4:00 p.m.

(d) **Necessary and Appropriate:** EDP assistance to a business must be for projects that are necessary and appropriate. The application must describe the need for program assistance, reasonableness of the amount requested, the repayment plan (DF only), and assurance that the assistance provided is commensurate with the community benefits that will accrue from the project. **Documentation must be provided that the project cannot proceed without program participation and that program funds provide gap financing.**

(e) **Compliance with Benefit Certification Requirements:** The business and the applicant community, under the direction of the Program Manager assigned to the project, must comply with documentation requirements for jobs created/jobs retained on a project including but not limited to benefit surveys, income verification and periodic reporting that the Office of Community Development may require.

(f) **EDP Matching Funds Requirements:** Communities applying for Economic Development Program funds must certify that they will provide a 100% cash match of the total EDP award. Matching funds must be directly related to the activities undertaken with EDP funding.

(g) **Exclusions:** Communities receiving an EDP award may not receive any other EDP award for the same project or business during the same program year or for the same project or business from a prior program year that has not met final closeout status.

(h) **EDP Projects in Support of Retail Businesses:** OCD may accept an EDP application in support of a retail business activity only under the following limited conditions:

(i) The retail business represents the provisions of new products and services previously unavailable in the community or is a tourism-related business; and

- (ii) The development or expansion of the retail business represents a net economic gain for the community and the region. Applications supporting a retail business or businesses are required to certify that the development represents a new overall gain for the region economy and not a shift from existing established businesses to a new or expanded one; and
- (iii) The retail business is located in either a downtown district meeting the definition of PL 776 enacted by the 119th legislature; or a designated local growth area contained in an adopted and consistent comprehensive plan; and
- (iv) At least 50% of the jobs created by the retail business must be full time jobs.

4. Special Program Requirements for Grants to Municipalities then Loaned to an Identified Business (Activity Group 4 only):

- (i) **Loan:** The DF program is a grant to the unit of general local government. The recipient must use the funds as a loan to the identified business. The loan must be provided under the terms stated in a DF Program Letter of Commitment and the contract between the DECD, the community and the business.
- (ii) **Repayment Terms:** Justification for the repayment terms relate to filling the financing gap, identifying the rate of return allowed through the repayment terms, or specifying the cost differentiations and the benefit derived from the assistance and must be approved by the DECD. The interest rate for Development Fund loans is up to 5% for a term not to exceed 10 years. A special interest rate of 2% will be available for projects located in a downtown area as defined in PL 776 enacted by the 119th legislature.

5. Selection Process for Activity Groups 1, 2, and 3: The selection process will consist of three phases, a letter of intent (does not apply to the Development Fund Loan activity), an application phase and a project development phase.

6. Review Team Analysis – 45 Points (to be completed by applicant)

Members of the OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. The following criteria will be used:

a. Problem Statement (15 points) - Describe the problem facing the community/business as it relates to job creation/retention activities and document why the community/business is unable to finance the proposed project on its own, or with available assistance from other sources.

Scope of Problem (5 points)

- Detail the problems or needs facing the community/business to be assisted.
- Tell how these problems relate to job creation or job retention activities.
- Describe how the overall financial viability of the community/business is affected by the problems or needs.

Impact on Community and Region (5 points)

- Identify how employment opportunities for persons of low/moderate income are negatively affected by the identified problems.
- Emphasize the importance of the affected business in relation to the stability of the community/region and its current financial well being including property tax analysis before and after the proposed activities.

Need for Funds (5 points)

- Identify reasons why the community/business is unable to finance the proposed project on its own, or with assistance from other sources.
- Include a narrative that highlights any recent efforts by the community/business to assist job creation/retention activities.

b. Proposed Solution (20 points) - Describe the activities that will be undertaken with EDP funds to resolve the stated problem/need, how the project will proceed to completion within 12 months from the date of a contract award with the DECD and the effect the project will have on the ability of the business to create/retain quality jobs for LMI persons.

Project Description (10 points)

- Detail the activities that the community/business will undertake using EDP funds to resolve the problems/needs presented in the Problem Statement.
- Identify, in detail, the specific acquisition, equipment, real property improvements and/or fixtures that will be installed, modified, and upgraded, etc., with EDP funds.
- Explain how the solution directly solves the identified problems/needs.
- Include a firm figure of the number of jobs to be created or retained as a result of the project, and how these jobs relate to persons of low/moderate income.
- Clearly state the amount of EDP funds sought and how they will fit into the overall financing for the project.
- Include a graphic description (aerial photo, map, and sketch) of the sites involved. Provide a generalized location of the site relative to the community and a copy of a floodplain map showing the project location. Include existing and proposed site and/or building improvements.

Effect on Assisted Business (5 points)

- Describe the effect the EDP award and completion of the project, as a whole, will have on the ability of the community/business to remain competitive, and create/retain quality jobs.
- Describe the market including identification of competitors, price structure, resource availability, operating/manufacturing costs, transportation costs, demand, and other factors influencing the marketability of the product or service proposed. Also identify all project risks and the extent of the risks.

Project Timeline and Feasibility (5 points)

- Describe how the project is assured of successful completion within 12 months.
- Identify what work, such as pre-engineering, construction and improvements, or fixture purchases that have been completed, or are in process, and exactly how these relate to the proposed ED project.
- Provide background information (including resumes) for the owners and/or managers of the business and specific information about the skills and experiences of the owners and/or managers as related to the successful management of the business and proposed project.
- Include a concise timetable for project implementation.

c. Citizen Participation (10 Points) - Describe how business groups, local citizens, community groups and others were involved in the identification of the problems/needs and solutions discussed in the application. Local citizens, groups, boards, agencies, etc. are essential to any successful project. It is important that you show how these various groups were involved in bringing problems or needs to the attention of the community. The OCD views the involvement of local citizens in focusing on problems/ and solutions as a key element in a successful program application as well as in successful implementation of a project. Review is divided into two areas. Following each area are topics, information, or ideas that must be included in Citizen Participation.

Public Hearing Process (5 points)

- Describe how citizen participation contributed to the actual development of this application, including how the required public hearing contributed to the process. **(Submit a public hearing record consisting of the published public hearing notice, hearing minutes, and attendance list with the original and all three copies of the application.)**

Business/Local Involvement (5 points)

- Outline other input from businesses, chambers of commerce, development organizations, local groups and individuals have had in increasing the citizen participation process for the proposed project.
- Highlight how the use of any media (TV, radio, newspapers, etc.) increased public awareness and participation in the EDP project.

d. Numerical Analysis – 55 Points (The applicant is not responsible for providing any additional information for this analysis.) OCD staff will review each EDP application and calculate the score for this section based upon information provided in the EDP Letter-of-Intent and this application. The following factors will be used to determine the score in this section:

Strategy Priority (5 points) How the proposed EDP activity is aligned with the State's economic development strategy and supports at least one of the State's targeted technology sectors, specifically one of the following: Precision Manufacturing Technology, Biotechnology, Aquaculture and Marine Technology, Composite Materials Technology, Environmental Technology,

Advanced Technologies for Forestry and Agriculture or Information Technology.

Natural Resource Based (5 points) Will be based on information received in the EDP Application.

Project Significance (45 points) Each application will be evaluated in relation to all others. Scores will be based on a maximum of 5 points in each of the following nine areas:

- Number of jobs to be created/retained
- Number of jobs created/retained as % of municipal unemployment
- Number of jobs created/retained as % of LMA unemployment
- % community unemployment is above state average
- % of LMA unemployment is above state average
- EDP dollars per job created/retained
- Hourly salary of jobs created/retained exceeds County Per Capita Income
- Quality of jobs created/retained based on wages and fringe benefits
- % non EDP funding in project

e. Priority Areas Bonus (5 points) Applications assisting a business located in an identified Empowerment Zone, HUB Zone or a labor market area with an unemployment rate exceeding the state average by at least 50% will receive a 5 point bonus.

f. Final Application Score Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

7. Review Process for Activity Group 4 (DF Loan): Each application for DF assistance will be submitted through an OCD Development Fund Loan Application and must include all attachments required in the 2010 application directions.

Completed applications will be reviewed by the OCD Review Team who will make a recommendation to the Commissioner of Economic and Community Development. The following criteria will be considered during the application phase:

- (i) Detailed description of project being financed.
- (ii) Detail of the sources and uses (include itemized description of work and costs) of all financing.
- (iii) Business' Federal tax return for the previous three years and/or complete accountant prepared financial statements (income statement and balance sheet and notes).
- (iv) Interim financial statements (if the most recent financial information is older than 90 days).

(v) Personal Financial Statement and Federal Income Tax Returns of all owners and guarantors with 20% or more ownership.

(vi) One-year pro forma balance sheet, income statement and monthly cash flow statement with supporting assumptions.

(vii) Copies of signed commitment letter from other financing sources as applicable.

(viii) Completed Employment Plan.

(ix) Supplemental information such as collateral appraisals, marketing plans, resumes, site assessments, and aging of accounts receivable/payable may be requested by OCD. If these materials are readily available they should be included with the application package.

(x) Priority Areas DF Applications assisting a business located in an identified Empowerment Zone, HUB Zone or a labor market area with an unemployment rate exceeding the state average by at least 50% will receive priority for funding.

8. Project Development Phase: The project development phase must be completed within 3 months from the date of award. The goal of this phase is a grant contract for CDBG funds. During this phase an OCD Development Program Manager will be assigned to work with the community to finalize their project. OCD reserves the right to rescind the CDBG program award of the community is not under contract within this time. The Director of the Office of Community Development may grant waivers for just cause.

B. COMMUNITY ENTERPRISE GRANT PROGRAM

The Community Enterprise Grant (CE) Program provides grant funds to assist in innovative solutions to problems faced by micro-businesses, promote business façade programs and make streetscape improvements in downtown and village areas. Assistance to businesses may be in the form of grants or loans at the discretion of the community.

1. **Threshold Criteria and Program Requirements:** CE Program funds will be distributed through an annual grant application selection process.

(a) Eligible Activities:

(i) Eligible activities under the Micro-Enterprise Grant/Loan category are grants or loans to for-profit businesses, façade grants to for-profit or non-profit businesses for exterior improvements, including signage, painting, siding, awnings, lighting, display windows and other approved exterior improvements (**interior improvements are not allowed**) and streetscapes including pocket parks, benches, street lighting, tree plantings, signage, traffic calming improvements, sidewalks and other approved improvements; eligible planning activities necessary to complete the Project Development Phase. **Sewer, water, storm drainage, parking, roads or streets and other infrastructure improvements and buildings solely for residential use are not eligible.** *All streetscape improvements must take place on publicly owned property.*

(b) **Downtown Revitalization Program Prohibition** - Communities applying for a CE grant may not apply for, receive, or benefit from a Downtown Revitalization Program (DR) grant in the same program year.

(c) **Maximum CE Grant Amount: \$150,000** - Applicants may apply to address one or any combination of eligible activities listed in Section H (1) (a) above but are limited to a total of \$150,000 in CE funds.

(d) **Maximum Amount of Community Enterprise Grant/Loan Assistance to Businesses: \$25,000**

(e) Project Benefit:

(i) **Micro-Enterprise Grant/Loan:** Existing or developing businesses that have, or will have five or fewer employees, one of whom owns the enterprise, and whose family income is LMI will meet the project benefit. Employees are not considered in meeting project benefit.

(ii) **Business Façade Grants:** Project benefit will be met when exterior improvements and signage on an existing business take place in a designated slum/blight area, or documentation exists that a business qualifies under a spot blight basis.

(iii) Streetscapes: Project benefit will be met when streetscapes take place in a designated slum/blight area or the applicant community where the project will take place is 51% or greater LMI as determined by HUD and the U.S. Census.

2. Special Program Requirements

(a) Demonstration of National Objective: Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons, 2) preventing or eliminating slum or blighting conditions, or 3) existing or developing businesses that have, or will have five or fewer employees, one of whom owns the enterprise, and whose family income is LMI. Census information, a certified target area survey, an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD, or assurances of spot blight designation or micro-enterprise eligibility must be submitted to OCD. ***These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday January 22, 2010.***

3. Selection Process: The selection process will consist of three phases; a letter of intent, an application phase and a project development phase.

(a) Letter of Intent and Verification of CDBG National Objective: All communities wishing to submit a CE application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday January 22, 2010 according to the requirements set forth in the 2010 DR application package.

(b) Application: The maximum length of an application is **four pages, not counting required attachments**. The application deadline for the CE Program is 4:00PM on March 5, 2010. Each application will be rated in relation to all others in a two-stage process.

Stage 1: Review Team Analysis – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

(i) Impact (40 points):

*State the problems then present the scope and magnitude of the identified problems. – 6 points

*Explain how the problems negatively impact the local economy and the viability of existing downtown or village area. – 8 points

*Clearly define how the problems negatively affect LMI persons and/or contribute to slum/blight conditions.

– 10 points

*Describe the obstacles to overcoming the identified problems. – 6 points

*Explain why CE funds are necessary for the project; describe efforts to secure other grant or loan funds, and tell why they are not available locally to assist businesses **or** local government with their development and site improvement needs. – 10 points

(ii) Development Strategy (40 points):

*List the specific activities to be undertaken in the project. For streetscapes include location, size and design features. – 5 points

*Identify the specific use of CE funds and the specific tasks or activities to be funded with each other source of funds.

– 5 points

*Provide Identification and description of potential business grant/loan applicants and their needs; **or** provide details of how areas in need of streetscape improvements were identified and prioritized. – 5 points

*Explain how the CE project will stimulate business in the downtown or village area and assist in improving the area's long-term viability. – 6 points

*Describe how the CE funded activities will have a positive impact on LMI persons and/or on alleviation of the slum/blight conditions. – 6 points

*Provide a project timeline; list activities or actions completed to date. – 4 points

*Describe the capacity and experience of the administrator to market and conduct a grant/loan program **or** streetscape improvement effort; and describe how CE funds will be expended in a timely manner. – 5 points

*Budget Summary Review – 4 points

(iii) Citizen Participation (20 points):

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation. – 4 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) and the overall citizen participation process in application and project development. – 4 points

*Involvement of downtown and local businesses, Chambers of Commerce, development groups or other business related organizations in identification of problems and development of the application and project. – 4 points

*Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process. – 4 points

*How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments. – 4 points

Stage 2: Final Application Score – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

D. NON-PROFIT DEVELOPMENT GRANT PROGRAM

The Non-Profit Development Grant Program (NPDG) provides funding for communities forming partnerships with local non-profit development organizations to carry out activities in blighted areas located in designated downtown areas which will foster community economic development initiatives leading to the elimination of slum and blight and increased job opportunities for LMI persons.

1. Special Threshold Criteria and Requirements: NPDG Program funds will be distributed through an annual grant submission and review process

(a) Eligible Activities: Eligible activities in the NPDG Program are: demolition, site clearance, structural stabilization, removal of environmental contaminants, installation of security devices, including sprinkler systems and smoke detectors, energy conservation measures, including replacement of heating and cooling equipment, removal of architectural barriers, and replacement of landscape materials, sidewalks and driveways where it is incidental to rehabilitation of the property; and eligible planning activities necessary to complete the Project Development Phase.

(b) Match: All communities applying for NPDG funds must certify that a cash match of at least 20 percent of the total grant award will be injected into the project activities. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

(c) Maximum NPDG Grant Amount: \$250,000

(d) Project Implementation: Implementation of all project activities must be carried out by a non-profit development organization that has established a contractual relationship with the applicant community.

(e) Bona-fide Non-Profit Development Organization: NPDG activities may only be carried out by bona-fide non-profit development organizations that meet the Internal Revenue Service definition as a non-profit, **and** are organized under state or local law to carry out community and economic development needs of the applicant community. Examples of bona-fide non-profit development organizations include but are not limited to: Neighborhood-Based Non-Profit Organizations, Local Development Corporations, SBA Section 504 Certified Development Companies, Small Business Investment Companies organized under 15 USC Section 681 and Community Action Agencies.

(f) Ownership of Project Site: The non-profit development organization must own the site on which all NPDG activities will take place.

(g) Demonstration of National Objective: Applicants must demonstrate at the time of application that the project meets the National Objective of preventing, or eliminating slum or blighting conditions. An officially adopted declaration of slum/blight conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted with the application. For spot blight activities

documentation must be submitted substantiating the condition of the structure as “blighted.”

2. Selection Process: The selection process will consist of two phases an application phase and a project development phase.

(a) Application: The application deadline for the NPDG Program is 4:00PM EST on March 19, 2010. The OCD review team will rate each application in relation to all others.

(b) Rating Criteria: The following rating criteria will apply to all NPDG applications:

(i) Documentation of bona-fide status for Non-Profit Development Organization carrying out NPDG activities: **10 points**

(ii) Verification of property ownership of project site by Non-Profit Development Organization: **10 points**

(iii) Documentation that project site is in a designated downtown area as defined in an adopted and consistent comprehensive and/or an approved downtown revitalization plan; and that proper slum/blight designation exists for the site: **15 points**

(iv) Project Summary – A maximum 2-page summary of all project activities funded with NPDG and matching funds: **15 points**

(v) Budget Summary & Matching Funds Review – a review of the Budget Summary Page, Matching Funds Table and required documentation and how they assure the project is fully funded and ready to proceed: **15 points**

(vi) Summary of potential jobs, which may be created for LMI persons as a result of the NPDG project: **10 points**

(vii) Assurances that NPDG activities will be completed within 12 months of CDBG contract award; including a summary of any financial, permitting, political, environmental or contracting concerns which could delay project: **15 points**

(viii) Pine Tree Zone Bonus: NPDG applications supporting project activities taking place in a designated Pine Tree Zone shall receive a bonus of **10 points**.

(c) Application Approval: The OCD Review Team will forward their recommendations for funding to the Director, Office of Community Development. **A minimum Final Rating of 75 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

E. INTERIM FINANCE PROGRAM

The Interim Finance Program (IFP) utilizes funds not disbursed in the State's Letter of Credit for grants to communities to assist businesses or developers in creating housing and job opportunities for low and moderate-income people through short-term loans. The duration of loans will be dependant on availability of CDBG funds.

1. Threshold Criteria:

(a) The proposed activities must meet the low and moderate-income objective as described below:

(i) At a minimum, 51% of the jobs created or retained as a result of the IFP project must be taken by persons of low and moderate income. Jobs created/retained must be in the community applying for the IFP, be new jobs to that community, and not be associated with any other branches of the assisted business located in another community. Transfer positions cannot be counted toward the job creation/retention requirements. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment of all CDBG funds to the State.**

(ii) The maximum cost per job created or retained with IFP funds is \$20,000. The maximum cost per job created or retained with IFP funds for eligible Pine Tree Development Zone, Empowerment Zone or HUB Zone applicants is \$30,000.

(iii) At least 51% of the housing units created by the IFP project must be occupied by low and moderate-income households, or

(iv) The IFP expenditures reduce the development costs for new multi-family, non-elderly housing construction where not less than 20% of the units will be occupied by low and moderate-income households at affordable rents **and** the proportion of the total cost of developing the project to be borne by the IFP funds is no greater than the proportion of units in the project that will be occupied by low and moderate-income households.

(b) Complete the required IFP application materials.

(c) The application amount must be between \$500,000 and \$5,000,000. The Commissioner of DECD may waive the \$500,000 minimum requirement if OCD determines it is in the best interest of the State and if OCD incurs no additional administrative costs as a result of the smaller award. Eligible planning activities necessary to complete the Project Development Phase are also an allowable expense.

2. Special Program Requirements: IFP applicants must also comply with the following:

(a) **Need for Financing:** There must be a demonstrated need for an IFP loan in order for the project to be funded. The need may be based upon

either a gap in available funding for the project or on a determination that the costs of financing so adversely affect the project's rate of return that the project would not be undertaken without additional assistance. IFP grantees must demonstrate the proposed rate and term have been set to ensure that assistance provided is the minimum needed and the proposed assistance is necessary and appropriate to carry out the economic development project.

(b) Commitment of Non-CDBG Funds: The business being assisted must demonstrate that all non-CDBG financing, both permanent and interim, necessary for the project's completion has been secured.

(c) Community Benefit: The project must result in substantial benefit to the community: job creation/retention, tax revenue increases, new housing opportunities, or public facility improvements relative to the public dollar investment.

(d) Surety: The business being assisted by the IFP grantee must secure an unconditional, irrevocable letter of credit for the full amount of the Interim Financing Loan (principal plus any accrued interest to term) from a lending institution acceptable to DECD which will be assigned to the State. The State may accept a FAME guarantee in lieu of an irrevocable letter of credit, or other surety instrument deemed acceptable by DECD.

3. Selection Process: Applications may be submitted on an open basis. IFP grants will be made on a first come, first served basis. Projects that meet requirements may be awarded IFP grants until the amount of funds available in the State's letter of credit has been committed. Following full commitment of the IFP, the State will maintain a waiting list of eligible projects to be funded. If projected funds will not be available for a minimum of six months, the State reserves the right not to accept any additional applications.

4. Approval Process: Through its Technical Assistance Providers, direct mailings, and other marketing methods, the State will advertise the availability of funds within the IFP. Communities interested in applying will: notify the State of their intent to apply, identify the proposed loan recipient and provide an application describing the project. Following the acceptance of a complete application by the State, the DECD or its designee will conduct a financial analysis of the project, DECD will determine if the IFP loan is needed, if all non-CDBG permanent and interim funds are committed, and if an irrevocable letter of credit is in place. The DECD staff will recommend the loan terms and interest rates to the Director, Office of Community Development. The State will review all other program requirements. If these requirements are met, the Commissioner of the DECD will make a grant award based on the project meeting all program requirements.

SECTION 4. PLANNING & SPECIAL PROJECTS

A. COMMUNITY PLANNING GRANT PROGRAM

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.

1. Threshold Criteria and Certifications: CPG funds will be distributed through a yearly grant application selection process.

(a) Eligible Activities: CPG funds may be used for planning only activities that will include studies, analysis, data gathering, preparation of plans and maps, and identifications of actions that will implement plans. **Engineering, architectural, and design costs related to specific projects are not eligible.**

(b) Project Benefit: The program activities must meet one of the CDBG Program's national objectives. The outcome of the planning activities, if implemented, must provide either a benefit to low- and moderate-income persons, or prevent or eliminate slum or blighting conditions.

(c) Use of CPG Funds for Comprehensive Planning: Communities designated as 51% or greater LMI by the 2000 U.S. Census and HUD may apply for CPG funds for completion of their local comprehensive plan which must conform to all State Planning Office standards and Maine State Law.

2. Special Program Requirements:

(a) Maximum CPG Grant Amount: \$10,000

(b) Match: All communities applying for CPG funds must certify that they will provide a cash match equivalent to 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

3. Selection Process: The selection process will consist of two phases – an application phase and a project development phase.

(a) Application: The maximum length of an application is **four pages, not counting required attachments**. The application deadline for the CPG Program is 4:00PM on May 14, 2010. Each application will be rated in relation to all others in a two-stage process.

Stage 1: Review Team Analysis – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below

and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

(i) Impact (35 points):

*A description of the scope, magnitude and severity of the identified problems – 7 points

*How the problems were identified – 7 points

*Past efforts to deal with the identified problems – 7 points

*Impact of the problem on LMI persons or slum/blight conditions – 7 points

*Why CPG funds are critical for the project – 7 points

(ii) Development Strategy (35 points):

*A description of the planning tasks proposed to solve the identified problems; specific use of CPG funds – 8 points

*Project timeline, including a start date, tasks completed to date and how CPG funds will be expended within 12 months or less – 12 points

*How community partnerships including local government, citizens, agencies and local businesses will work together to develop effective solution strategies – 5 points

*How the planning efforts would lead to solution strategies that would benefit LMI persons or alleviate slum/blight conditions – 6 points

*Experience of the applicant community with planning projects – 4 points

(iii) Project Leverage (10 points):

*Budget Page review – 3 points

*Matching Funds Table review - 3 points

*% which firm cash commitments exceed minimum 25%

0% - 15% – 0 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

(iv) Citizen Participation (20 points):

*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

*Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

Stage 2: Final Application Score – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

B. TECHNICAL ASSISTANCE PROGRAM

The Technical Assistance Program provides funds to contract with regional organizations to provide application development, development of alternative funding sources, grant administration, and general program assistance to Maine's communities.

The Office of Community Development will use Technical Assistance funds to: conduct workshops, produce program materials, implement the CDBG Administrator's Certification Training Program, and outreach to communities.

C. SPECIAL PROJECTS MATCHING FUND

The Special Project Matching Fund (SPMF) provides matching funds to projects that are not funded through the normal CDBG application process. SPMF funds will be used for alternative OCD grant activities and partnerships that are consistent with the furtherance of community or economic development activities and CDBG National Objectives in the State of Maine. Approval for the use of SPMF funds is through the Director, Office of Community Development.

SECTION 5. REDISTRIBUTION OF GRANT FUNDS & PROGRAM INCOME

This section describes the methods by which undistributed funds, disencumbered funds, additional funds received from HUD, and program income will be redistributed.

A. ADMINISTRATIVE REDISTRIBUTION OF GRANT FUNDS

1. Local Government Grants from the State: Applicants receiving grants under the 2010 CDBG program but failing to have their projects substantially underway (staff hired, environmental review complete, program costs obligated, construction or services begun) within six months of grant award, may have their grant rescinded by DECD. Unexpended grant funds may be added to any open CDBG contract, used to make additional awards in any 2009 CDBG program, or added to the available monies for the 2010 or 2011 competition.

Unexpended funds remaining in the grantee's CDBG account at grant closeout, funds remaining in a grantee's award but not drawdown upon grant closeout, and funds returned to DECD because of disallowed costs may be added to any open CDBG contract, used to make additional awards in any 2009 CDBG program, or added to the available monies for the 2010 or 2011 competition.

2. Unallocated State Grants to Local Governments: Unallocated grant funds resulting from lack of adequate program competition or demand in any of the available 2010 CDBG programs may be added to any open CDBG contract, used to make additional awards in any 2010 CDBG program or added to the available monies for the 2010 or 2011 competition.

3. Basis for Redistribution: The decision to redistribute funds will be made after staff evaluation of the following: the total funds available, requests for additional funding from current CDBG grantees, any applicants for the 2010 competitions that did not receive funding, and the possibility of holding additional competitions during the 2010 Program. In all cases, these additional competitions and the subsequent programs developed will be subject to the 2010 Program Statement.

4. Development Fund Program Repayments: DF loan repayments to DECD will be used to capitalize a revolving loan fund for the purpose of making additional DF program awards.

5. Business Assistance Program Repayments: BA loan repayments will be used to fund additional future awards within the specific program categories under which the original award was made.

B. PROGRAM INCOME

As used in this Proposed Statement, “Program Income” means the gross income received by a grantee from any grant-supported activity. Applicants will refer to the CDBG Regulations and the Maine Office of Community Development policies on program income.

Program Income shall also mean gross income received by DECD for repayment of loans under the DF and BA programs. Repayments from each program will be used to capitalize revolving loan funds to make additional future awards within the specific programs under which the original awards were made.

SECTION 6. APPEALS

An applicant wishing to appeal DECD's decision regarding their 2009 application may do so by submitting an appeal letter to the Commissioner of The Department of Economic and Community Development within fifteen (15) days of the award announcement for that specific program.

Appeals of award decisions are restricted to errors of fact or procedure. Appeals in the areas of judgment qualitative scoring will not be entertained. In the case of a successful appeal, funds will be reserved for the project from available or subsequent CDBG funds.

SECTION 7. AMENDMENTS TO THE PROGRAM STATEMENT

The State may amend the 2009 Program Statement from time to time in accordance with the same procedures required for the preparation and submission of the program statement. The State of Maine's Administrative Procedures Act will guide the amendment process.

SECTION 8. COMMUNITY EVALUATION FACTORS

A pre-determined community evaluation factor with a maximum point total of 20 will be added to the average review team score for each application for the Housing Assistance, Public Infrastructure and Public Facilities grant programs to determine the final score. The Community Evaluation Factor will be based on pre-determined criteria established by an independent authority for each community in Maine and be published in the 2010 Program Statement.

**THIS MATERIAL IS AVAILABLE IN ALTERNATIVE FORMAT
UPON REQUEST**

BY CONTACTING:

**MIKE BARAN, DIRECTOR
OFFICE OF COMMUNITY DEVELOPMENT
111 SEWALL STREET, 3RD FLOOR
59 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0059
TELEPHONE (207) 624-7484
TTY: 1-800-437-1220**

**ALSO AVAILABLE ON THE OFFICE OF COMMUNITY
DEVELOPMENT WEB SITE:**

www.meocd.org

The Maine CDBG Program is Funded by:

