



October 3, 2018

REQUEST FOR PROPOSALS

FOR THE PURCHASE OF A 34 UNIT MULTIFAMILY PROPERTY IN FREEPORT, MAINE

Dear Housing Owner/Developer:

The Maine State Housing Authority ("MaineHousing") is soliciting proposals from individuals and entities having an interest in acquiring and renovating a 34-unit property located in Freeport, Maine. MaineHousing's intent is to preserve the project as affordable rental housing and to offer acquisition and rehabilitation financing. The submission deadline for proposals is **5 PM, Friday, November 30, 2018.**

MaineHousing is interested in proposals that include the following elements:

1. Minimizing displacement of existing Quarry Ridge residents, including capping rents at the allowable Rural Development voucher rent level.
2. Provision for the long-term commitment of the property as affordable rental housing;
3. A minimum purchase price of \$3,100,000; and
4. Incorporation of a feasible capital improvement plan and/or creation of additional affordable units on site.

All proposals will be evaluated on the basis of:

- Terms deemed most advantageous to the existing residents,
- Continuity of the property as affordable, and
- A financing structure that reflects the most efficient use of MaineHousing resources.

Proposals received later than 5:00 p.m. on Friday, November 30, 2018 will not be considered.

Applications will be accepted in person by delivering the completed application to our offices, by mail, or submitted electronically to Jane Sturk at jsturk@mainehousing.org.

Site tours will be provided on Tuesday, October 16 at 10am and 11:30am. Please contact Jane Sturk, at (207) 626-4630 or jsturk@mainehousing.org to reserve your preferred time.

A conference call with interested parties will be scheduled on Friday, October 19, 2018 at 10am. Participation is not mandatory, but MaineHousing staff will be available to answer questions. Please email Jane Sturk to be added to the conference email participation list. If you have any additional questions, please contact Jane Sturk.

Sincerely,

Daniel E. Brennan
Director, MaineHousing

I. BACKGROUND

Quarry Ridge Apartments (“Project”) was constructed in 1984 under the Rural Development 515 program as a 34-unit apartment complex for low-to moderate-income families. The 6-building multi-family complex is comprised of fifteen 1BR and nineteen 2BR units, and is located on Bow Street in Freeport. There is no project-based rental assistance in the project.

II. CAPITAL IMPROVEMENTS

The project may need suitable rehabilitation upgrades and improvements.

Scope of proposed capital improvements or creation of new affordable units should be described in the application submission.

III. RESTRICTIVE COVENANTS

Income Eligibility Limits and Maximum Gross Rent restrictions will be memorialized in land use covenants with a minimum term of 30 years.

All 34 units will be targeted to individuals and families at or below 60% of area median income (AMI).

The current published limits are below, and a copy of the current rent roll is contained in Appendix A (attached).

Cumberland County – Portland HMFA

60% Area Median Income – adjusted by family size

<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>
\$37,860	43,260	48,660	54,060	58,440

Maximum Gross Rents

<u>AMI</u>	<u>One-bedroom</u>	<u>Two-bedroom</u>	<u>Utility Allowances - Electricity</u> <u>One-bedroom</u>	<u>Two-bedroom</u>
60%	\$1,014	\$1,216	\$52	\$64

MaineHousing will establish maximum rents based on the annual publication of income limits by HUD.

Maximum rents will be reduced by an estimate of any resident-paid utilities. The cost of resident- paid utilities must be consistent with the calculation of utility allowances published annually under the HUD Section 8 Existing Program.

Residents currently living at the property who were participants in the prior Rural Development program in place at the property will have rent levels limited to the lesser of the published LIHTC rent limit or the RD voucher payment standard.

IV. FINANCING

It is the intent of MaineHousing to preserve the project as affordable rental housing and provide financing. There will be no points or transaction fees applied by MaineHousing.

- 5.5% interest rate per year, subject to change based on market conditions at the time the tax-exempt facility bonds are issued.

At the Applicant’s option, debt may be structured as:

- (a) Interest only payments for 30 years
with a final balloon payment of all amounts owed due at the end of 30 years,
- (b) Interest only payments for 15 years with a 30-year amortization beginning in year 16 and a final balloon payment of all amounts owed due at the end of 30 years, or
- (c) Interest only payments for 15 years with a 40-year amortization beginning in year 16 and a final balloon payment of all amounts owed due at the end of 30 years.

- Debt must be supported by an acceptable operating budget.

- Loans cannot be prepaid during the term of the loan.

The Developer shall pay a prepayment charge equal to three percent (3%) of the outstanding principal balance of the Note in the event of any involuntary prepayment hereof.

Housing Tax Credits and Debt Subsidy:

4% Low Income Housing Tax Credits and/or Debt Subsidy can be included in the financing proposal.

V. UNDERWRITING

At a minimum the following standards will be used by MaineHousing for underwriting consideration and are subject to change to reflect specific market conditions and the requirements of the Project:

Debt service coverage ratio of 1.15X for the life of the loan

Maximum loan to value of 85%

The applicant must demonstrate prior successful experience in the development and management of projects of similar scope and complexity.

VI. COLLATERAL

MaineHousing financing will be secured by a first mortgage and security interest in the Project and its assets.

VII. PROPOSAL REQUIREMENTS

The RFP Application, along with the other RFP submission requirements, must be completed and submitted in their entirety. Incomplete applications will not be considered. MaineHousing reserves the right to require additional information outside of the Application requirements listed below.

No application will be accepted, processed, or approved by MaineHousing if the applicant or any entity controlled by the applicant:

Has been 60 days or more delinquent on any loan with MaineHousing in the past year;

Has been declared in default of any loan, or has been the owner of a MaineHousing-financed project upon which MaineHousing has foreclosed unless either an approved payment or a workout plan is in place and in good standing.

Developers/contractors, and their principals or partners, who are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in federal housing programs are prohibited from participating in the RFP. All developers and contractors will be required to certify that they are not so classified.

VIII. APPLICATION REQUIREMENTS

The following documents constitute the complete submission requirements:

1. RFP Application (attached).
2. Developer narrative that summarizes in detail:
 - Developer's intentions for the Project;
 - Developer capacity, and;
 - Property Management Capacity;
3. Sources and Uses schedule.
4. 15-year operating projection with assumptions detailed i.e. rent-roll, and itemized operating expenses to include tax and insurance and replacement reserve escrow funding requirements.
5. Scope of rehabilitation.

6. Time-line specifying the transfer of ownership and completion of rehabilitation.

IX. Selection Criteria

MaineHousing will award a contract to the party whose proposal conforms to this RFP and is determined by MaineHousing to be most advantageous, taking into account these and other factors described in this RFP:

- Protections for existing residents
- Most efficient use of MaineHousing resources
- Demonstrated experience in developing and operating multi-family affordable housing
- Proposed capital improvements
- Number of accessible units and/or election of 811PRA units
- Timeline
- Pricing

At its sole discretion, MaineHousing may request that one or more applicants attend a meeting, make a brief presentation, and answer questions regarding their proposal.

X. ADDITIONAL TERMS AND CONDITIONS

This RFP is subject to the following terms and conditions:

MaineHousing expressly reserves the right:

- To modify or withdraw this RFP at any time, whether before or after any responses have been submitted or received.
- To adjust the timetable for this RFP as deemed necessary.
- To reject any or all respondents and not award a contract pursuant to this RFP, or
- To terminate the RFP process at any time, if deemed to be in its best interest.
- To reject the applicant and to offer a contract to another applicant in the event the applicant selected does not enter into the required sales contract described in this RFP.
- To waive informalities and minor irregularities in proposals received.
- To reject and not consider any or all applicants who do not meet the requirements of this RFP, including but not limited to incomplete responses and/or responses offering alternate or non-requested services.
- To negotiate price or other factors included in any proposal submitted to MaineHousing.
- MaineHousing has entered into a management contract with Preservation Management, Inc. for the term of one year. This contract must be assumed by the successful applicant for any remaining term of the contract.
- The successful applicant must obtain title insurance through Cumberland Title Company.

If MaineHousing is unable to negotiate a mutually satisfactory arrangement with the successful applicant under this RFP, MaineHousing may, in its sole discretion, negotiate with another applicant or cancel this RFP and not select any proposal or MaineHousing may select another proposal.

In no event will any obligations of any kind be enforceable against MaineHousing unless and until a written agreement is entered into.

Each respondent agrees to bear all costs and expenses of its response and there will be no reimbursement for any costs and expenses relating to the preparation of responses submitted or for any costs or expenses incurred during any negotiations.

XI. CONFLICT OF INTEREST

State and federal law and MaineHousing's policy on conflicts of interest prohibit current employees or commissioners from working on certain transactions with applicants with whom they have a financial or personal relationship, prohibit past MaineHousing employees from working on certain transactions, and prohibit persons who exercised responsibilities in connection with certain federal funds from benefiting from those funds. Accordingly, applicants for funding under MaineHousing's programs must complete a conflict of interest disclosure form and comply with the law and policy and

any requests by MaineHousing to ameliorate potential or perceived conflicts of interest.

XII. RELOCATION

The property is currently occupied by households that were previously participating in a Rural Development affordable housing program. It is the intent of MaineHousing to avoid permanent displacement of any existing resident households. All households are currently eligible for rental assistance vouchers from Rural Development. The applicant agrees that it will not apply a rent level that exceeds the applicable Rural Development voucher rent limitation on any existing residents that were previously residents under the Rural Development program in effect at Quarry Ridge.

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800- 452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.

MAINEHOUSING RESERVES THE RIGHT TO REJECT OR CEASE PROCESSING ANY OR ALL SUBMISSIONS OR PROPOSALS PRIOR TO ISSUANCE OF A COMMITMENT FOR FINANCING.

RFP Application

APPLICANT INFORMATION

Name of Applicant

Taxpayer ID Number or Social Security Number (last 4 digits)

Contact Person & Title

Mailing Address

Telephone Number

FAX Number

Email Address

Form/Type of Ownership

Please Provide Detail for Proposed Owner Entity:

Note: to get 0.01%, type 0.01

Name of Participants	Position	% Interest	Address

Identity of Interest: [explain relationship between partners or principals in the ownership entity, any relationship between the owner and seller, the owner and contractor, the owner and Management Company, etc.]

Development Team (please complete where applicable)

	Name	Email	Telephone
Project Developer	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
Architect	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
Attorney	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
Accountant	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
Tax Professional	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
General Contractor	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
Development Consultant	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
Service Provider	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>
Management Agent	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>

Applicant Conflict of Interest Disclosure Form

To ensure that MaineHousing maintains the continued confidence of Maine people and its partners in carrying out its mission of providing affordable housing, MaineHousing's employees and commissioners must avoid situations in which their obligations or commitments to other organizations or individuals or their personal or financial relationships or interests are or appear to be at odds with their responsibilities to MaineHousing.

Maine law and, when federal funding is involved, federal regulations govern conflicts of interest. In general, these laws prohibit MaineHousing employees and commissioners from working on transactions with applicants with whom they have financial, business, professional or personal relationships or other ties. In addition, these laws prohibit former MaineHousing employees and commissioners from working on certain transactions for up to two years after leaving MaineHousing.

To help ensure the continuing integrity of MaineHousing's business and compliance with these laws, applicants for loans or certain other assistance under MaineHousing's programs must disclose any financial, business, professional, civic, charitable, family (or other personal) relationships, associations or connections that the applicant, its affiliates, employees of applicant who may work on the MaineHousing project, or any parties the applicant intends to hire to work on the MaineHousing project (whether employees, contractors or consultants) may currently have with MaineHousing or any MaineHousing employee or commissioner or may have had within the past two years. An applicant and its affiliates include:

- if the applicant is one or more individuals, all individuals;
- if the applicant is a business or nonprofit entity, that entity;
- the officers and board members of the applicant;
- employees of the applicant with decision-making authority, including an executive director, manager or someone in a similar position;
- if the applicant is a business corporation, any shareholder with a controlling interest;
- if the applicant is a partnership, the applicant's partners;
- any other business partner or associate of the applicant involved in this MaineHousing project;
- if the applicant is a limited liability company, the members and managers;
- a family member (including husband, wife, child, brother, sister) or other person in a personal relationship;

If you are unsure whether a relationship, association, or connection you have may constitute a conflict of interest, please consult with MaineHousing's Chief Counsel.

**CONFLICT OF INTEREST DISCLOSURE QUESTION
FOR APPLICATIONS, RFP'S, AND VENDORS**

Use one of the following (or a modification based on the particular circumstances):

For Developers: Does the developer, any principal or affiliate of the developer, or anyone who will be paid for work on the project have business ties, familial relationships, or other close personal relationships with a current MaineHousing employee or commissioner or anyone who was a MaineHousing employee or commissioner within the past two years?

If yes, describe here:

For Subgrantees or Other Applicants for Program Funds: Does the applicant, any principal or affiliate of the applicant, or anyone who will be paid for work on the program have business ties, familial relationships, or other close personal relationships with a current MaineHousing employee or commissioner or anyone who was a MaineHousing employee or commissioner within the past two years?

If yes, describe here:

For Vendors: Does the vendor, any principal or affiliate of the vendor, or anyone who will be paid for work on the contract have business ties, familial relationships, or other close personal relationships with a current MaineHousing employee or commissioner or anyone who was a MaineHousing employee or commissioner within the past two years?

If yes, describe here:

For Individuals: Do you or anyone who will be paid for work on the project have business ties, familial relationships, or other close personal relationships with a current MaineHousing employee or commissioner or anyone who was a MaineHousing employee or commissioner within the past two years?

If yes, describe here:

APPENDIX A

RENT ROLL DETAIL

As of 09/28/2018

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - Resident; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
01	2 BR	N/A	600	Occupied		01/03/2012	02/01/2018	01/31/2019	688.00	Resident	RENT	688.00	0.00	688.00	647.76	1,457.56
02	2 BR	N/A	600	Occupied		12/17/2013	01/01/2018	12/31/2018	688.00	Resident	RENT	161.00	0.00	161.00	647.12	(87.35)
03	2 BR	N/A	600	Occupied		09/21/2012	02/01/2018	01/31/2019	688.00	Resident	RENT	688.00	0.00	688.00	647.58	676.29
04	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
05	2 BR	N/A	600	Occupied		05/28/2014	01/01/2018	12/31/2018	688.00	Resident	RENT	505.00	0.00	505.00	653.02	(86.00)
06	2 BR	N/A	600	Occupied		04/21/2009	05/01/2018	04/30/2019	688.00	Resident	RENT	688.00	0.00	688.00	662.80	0.00
07	2 BR	N/A	600	Vacant	VACANT				688.00			0.00 *	0.00 *			
08	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
09	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
10	2 BR	N/A	600	Vacant	VACANT				688.00			0.00 *	0.00 *			
11	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
12	2 BR	N/A	600	Vacant	VACANT				688.00			0.00 *	0.00 *			
13	2 BR	N/A	600	Vacant	VACANT				688.00			0.00 *	0.00 *			
14	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
15	2 BR	N/A	600	Occupied		09/28/2018	09/28/2018	09/30/2019	688.00	Resident	RENT	1,152.00	0.00	1,152.00	0.00	115.00
16	1 BR	N/A	500	Occupied		11/13/2003	08/01/2017	07/31/2018	626.00	Resident	RENT	172.00	0.00	172.00	426.54	(11.00)
17	2 BR - TH	N/A	700	Vacant	VACANT				714.00			0.00 *	0.00 *			
18	2 BR	N/A	600	Vacant	VACANT				688.00			0.00 *	0.00 *			
19	1 BR	N/A	500	Occupied		12/15/2016	01/01/2018	12/31/2018	626.00	Resident	RENT	626.00	0.00	626.00	613.17	0.00
20	2 BR	N/A	600	Occupied		09/28/2018	09/28/2018	09/30/2019	688.00	Resident	RENT	1,152.00	0.00	1,152.00	0.00	115.00
21	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
22	2 BR	N/A	600	Vacant	VACANT				688.00			0.00 *	0.00 *			
23	2 BR	N/A	600	Occupied		09/01/1999	01/01/2018	12/31/2018	688.00	Resident	RENT	457.00	0.00	457.00	512.99	0.00
24	2 BR	N/A	600	Vacant	VACANT				688.00			0.00 *	0.00 *			
25	1 BR	N/A	500	Occupied		04/02/2004	08/01/2017	07/31/2018	626.00	Resident	RENT	316.00	0.00	316.00	466.64	316.00
26	1 BR	N/A	500	Occupied		11/19/2015	12/01/2017	11/30/2018	626.00	Resident	RENT	441.00	0.00	441.00	641.01	(2.00)
27	2 BR	N/A	600	Occupied		01/19/2007	02/01/2018	01/31/2019	688.00	Resident	RENT	175.00	0.00	175.00	915.90	0.00
28	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
29	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
30	2 BR - TH	N/A	700	Occupied		08/25/2016	01/01/2018	12/31/2018	714.00	Resident	RENT	570.00	0.00	570.00	699.26	1,844.58
31	1 BR	N/A	500	Vacant	VACANT				626.00			0.00 *	0.00 *			
32	2 BR	N/A	600	Occupied		11/08/2012	12/01/2017	11/30/2018	688.00	Resident	RENT	212.00	0.00	212.00	947.54	0.00
33	1 BR	N/A	500	Occupied		10/15/2011	11/01/2017	10/31/2018	626.00	Resident	RENT	626.00	0.00	626.00	575.54	0.00

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 09/28/2018

Parameters: Properties - ALL;Show All Unit Designations or Filter by - ALL;Subjournals - Resident;Exclude Formers? - Yes;Sort by - Unit;Report Type - Details + Summary;Show Unit Rent as - Market + Addl.;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Sub Journal	Trans Code	Lease Rent	Other Charges/Credits	Total Billing	Dep On Hand	balance
34	1 BR	N/A	500	Occupied		05/01/2014	05/01/2018	04/30/2019	626.00	Resident	RENT	189.00	0.00	189.00	594.90	0.00
totals:									22,514.00			8,818.00	0.00	8,818.00	9,651.77	

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 09/28/2018

Parameters: Properties - ALL;Show All Unit Designations or Filter by - ALL;Subjournals - Resident;Exclude Formers? - Yes;Sort by - Unit;Report Type - Details + Summary;Show Unit Rent as - Market + Addl.;

Amt / SQFT: Market = 19,100 SQFT; Leased = 9,700 SQFT;

Floorplan	# Units	Average SQFT	Average Market + Addl.	Market + Addl.	Average Leased	Leased Amt / SQFT	Units Occupied	Occupancy %	Units Available
1 BR	15	500	626.00	1.25	395.00	0.79	6	40.00	9
2 BR	17	600	688.00	1.15	587.80	0.98	10	58.82	7
2 BR - TH	2	700	714.00	1.02	570.00	0.81	1	50.00	1
totals / averages:	34	562	662.18	1.18	518.71	0.91	17	50.00	17

occupancy and rents summary for current date

unit status	Market + Addl.	# units	potential rent
Occupied NTV Leased		0	-
Vacant Leased		0	-
Admin/Down		0	-
Vacant Not Leased	11,164.00	17	11,164.00
Occupied, no NTV	11,350.00	17	8,818.00
Occupied, NTV		0	-
totals:	22,514.00	34	19,982.00

summary billing by sub journal for current date

sub journal	amount
Resident	8,818.00
total:	8,818.00

summary billing by transaction code for current date

code	amount
RENT	8,818.00
total:	8,818.00

QUARRY RIDGE HOUSING ASSOCIATES LIMITED PARTNERSHIP

SCHEDULE OF OPERATING EXPENSES

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
EXPENSES		
MAINTENANCE AND OPERATING:		
Maintenance and Repairs Payroll	\$ 19,054	\$ 16,705
Maintenance and Repairs Supply	4,419	3,706
Maintenance and Repairs Contract	27,179	10,322
Painting and Decorating	268	343
Snow Removal	11,043	10,450
Grounds	7,200	7,668
Services		110
Other Operating Expenses	890	831
	<u>70,053</u>	<u>50,135</u>
UTILITIES:		
Electricity	6,188	5,280
Water	5,893	5,500
Sewer	9,870	9,771
Fuel (Oil/Coal/Gas)	18,163	16,949
Garbage/Trash Removal	3,649	3,570
	<u>43,763</u>	<u>41,070</u>
ADMINISTRATION:		
Site Management Payroll	8,224	10,120
Management Fee	26,195	25,048
Project Auditing Expense	7,200	7,100
Legal Expenses		2,991
Advertising	204	337
Telephone/Answering Service	1,505	1,365
Office Supplies	325	932
Training Expense	896	718
Health Insurance and Other Employee Benefits	4,592	4,366
Payroll Taxes	2,407	2,294
Worker's Compensation	842	881
Bad Debt (Recovery)	(803)	1,324
Other Administration	4,918	4,371
	<u>56,505</u>	<u>61,847</u>
Total Administration	<u>56,505</u>	<u>61,847</u>

QUARRY RIDGE HOUSING ASSOCIATES LIMITED PARTNERSHIP

SCHEDULE OF OPERATING EXPENSES
(Continued)

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
TAXES AND INSURANCE:		
Real Estate Taxes	31,934	33,719
Property and Liability Insurance	7,747	7,644
Total Taxes and Insurance	<u>39,681</u>	<u>41,363</u>
DEPRECIATION		
INTEREST		
Total Expenses	<u>\$ 210,002</u>	<u>\$ 194,415</u>

August 24, 2018

Ms. Anne Pare
Maine State Housing Authority
353 Water Street
Augusta, ME 04330

Re: [Hazardous Materials Assessment | Quarry Ridge Apartments | 60 Bow Street | Freeport, Maine](#)

Dear Ms. Pare:

At the request of Maine State Housing Authority (MaineHousing), CES, Inc. (CES) completed a Hazardous Materials Assessment of representative residential housing units present at the "Quarry Ridge Apartments" complex located at 60 Bow Street in Freeport, Maine. This Hazardous Materials Assessment, which was conducted on August 15, 2018, included the completion of an asbestos identification survey, lead-based paint (LBP) determination, and a potential Universal Wastes/hazardous materials/waste inventory of the structures.

ASBESTOS IDENTIFICATION SURVEY

The asbestos identification survey was conducted in accordance with the Maine Department of Environmental Protection (MDEP) Chapter 425 Asbestos Management Regulations (April 3, 2011 revision) and was completed to provide information regarding the presence of Asbestos-Containing Materials (ACM) within the interior and on the exterior of the housing units which comprise the "Quarry Ridge Apartments" complex. Ms. Suzanne Verina (CES), an asbestos inspector licensed by MDEP (AI#-0451), performed a walk-through on August 1, 2018 and the field survey on August 15, 2018. A copy of Ms. Verina's Asbestos Inspector certification is included in Attachment A.

Completion of the asbestos identification survey included:

- Visual identification of suspect ACM on the interior and exterior of the structure;
- Collection of a total of 96 bulk samples of suspect ACM from the interior of the structures in accordance with MDEP regulations; and
- Quantification of ACM by laboratory analysis.

As with any scientific study, an asbestos identification survey is subject to a variety of limitations. Limitations to be considered in interpreting the results of the survey completed for apartment complex include the following:



Variations in building materials used during construction and subsequent renovations;
Suspect ACM identified in the individual units assessed by CES is assumed to be representative of similar building materials present in other structures within the complex;
Inaccessible areas within wall cavities, below sub-floors, crawlspace areas, and above solid ceilings; and
Condition of the structures at the time of the survey.

While completing the Site visit for the Phase I Environmental Site Assessment on August 1, 2018, CES inspected each unit to identify the type of materials that required testing. Based on the initial walk-through, samples were collected on August 15, 2018 from vacant units and common areas as well as a few occupied units.

The following is a summary of field findings and laboratory analytical results of the survey :

Ninety-six samples of suspect ACM were collected from the interior of the structures, including:

- Thirteen types of sheet flooring;
- Six types of 12 inch by 12-inch floor tile and associated mastic;
- Sheetrock from each of the six residential structures; and
- One type of cove base mastic.

Bulk samples of suspect ACM collected during the surveys were submitted to EMSL Analytical, Inc. (EMSL) of South Portland, Maine for analysis. Bulk samples collected during this survey were analyzed using the MDEP required analytical methods: "PLM-EPA 600/R-93/116" (for surfacing, thermal system insulation, and cementitious materials) and "PLM NOB-EPA 600/R-93/116" (for non-friable organically bound materials (NOBs)) (e.g., floor tile, adhesives, and roofing) with "gravimetric reduction". Samples were analyzed at the EMSL laboratory, which is certified to perform asbestos analysis by both the National Voluntary Laboratory Accreditation Program (NVLAP) and the American Industrial Hygiene Association (AIHA). EMSL is a MDEP licensed Asbestos Analytical Laboratory. A copy of EMSL's laboratory certifications is included in **Attachment B**. Laboratory analytical results and chain of custodies are included as **Attachment C**.

According to MDEP Chapter 425 Asbestos Management Regulations, bulk samples shall be analyzed until a positive result is obtained or all samples have been analyzed. MDEP defines ACM as "any material containing asbestos in quantities greater than or equal to one percent (%) by volume as determined by weight, visual evaluation, and/or point count analysis."

Laboratory analytical results did not identify any of the sampled materials as asbestos-containing.

POTENTIAL UNIVERSAL WASTE AND HAZARDOUS MATERIAL/WASTES

During the walk through evaluation on August 15, 2018, CES evaluated the interior and exterior of the structures for the presence of potential Universal Wastes and hazardous materials/wastes. An inventory of identified materials and associated budgetary cost estimates for removal and disposal are presented in **Table 1**:

TABLE 1 | 1 POTENTIAL HAZARDOUS MATERIALS INVENTORY

IDENTIFIED HAZARDOUS MATERIALS	QUANTITY (EACH)	TOTAL ESTIMATED QUANTITY	UNIT COST	ESTIMATED REMEDIATION COST
2-foot Fluorescent Light Bulbs	34	68 Linear Feet (LF)	\$0.20/LF	\$14
4-foot Fluorescent Light Bulbs	24	96 LF	\$0.20/LF	\$19
Suspect PCB-containing Light Ballasts	46	46 Each (EA)	\$5/EA	\$230
Sub-Total A				\$263
Transportation (per pickup)	1	-	\$250	\$250
Labor (Man days)	1	-	\$250	\$250
Sub-Total B				\$500
TOTAL				\$763

Hazardous materials in the form of potential Universal Wastes (fluorescent light tubes and light ballasts) were observed within the structures. When removed for disposal, fluorescent light bulbs are considered a Universal Waste and must be properly handled, packaged, and disposed. Fluorescent light ballasts contain capacitors that may be filled with PCB-containing dielectric fluid; however, it is unknown whether PCB ballasts (a Universal Waste) are present in the buildings. The recommended best management practice is to individually remove each light fixture and individual ballasts evaluated to confirm the presence or absence of PCBs. Non-PCB light ballasts will be clearly labeled as not containing PCBs and may be disposed of as solid waste. If no such labeling is present, the ballast should be treated as PCB-containing and should be segregated and handled as Universal Waste.

LEAD-BASED PAINT (LBP) DETERMINATION

An LBP determination was conducted by Ms. Deborah A. Kasik (CES), a MDEP certified Lead Risk Assessor, for one "representative" residential unit from each of the six multi-unit residential buildings within the complex and the building common areas and exteriors. The LBP determination was conducted on August 15, 2018. The purpose of the determination was to

identify LBP, if present, on the interior surfaces of six representative apartments and interior common areas and the exterior surfaces of buildings within the complex. The LBP determination was performed in accordance with the established protocols outlined in the MDEP Lead Management Regulations, Chapter 424, Section 7, and as applicable to this project. The testing provides information on the LBP content and assessment of existing conditions for the surfaces tested.

Representative residential structures and apartments selected for assessment include the following:

- Building #1 Apartment #4 (Second Floor; 1-Bedroom);
- Building #2 Apartment #7 (Second Floor; 2-Bedroom);
- Building #3 Apartment #12 (Second Floor; 1-Bedroom);
- Building #4 Apartment #15 (First Floor; 2-Bedroom);
- Building #5 Apartment #22 (First Floor; 2-Bedroom); and
- Building #6 Apartment #28 (First Floor; 1-Bedroom).

The LBP testing was conducted utilizing a portable X-Ray Fluorescence (XRF) Lead Paint Analyzer (RMD LPA-1), which non-destructively tests for the presence of LBP on building surfaces. The XRF analyzer is licensed with the Maine Department of Human Services Radiation Control Program and operated in accordance with all applicable regulations and conditions of licensure. The determination as to whether a component contains LBP is based upon the MDEP Lead Management Regulations (Chapter 424) which defines a component as lead-containing if the XRF result is greater than or equal to (2:) 1.0 milligrams per square centimeter (mg/cm^2). A visual assessment of the existing condition of the identified LBP was also completed at the time of the determination. The LBP testing is non-destructive and therefore limitations exist when interpreting the results. Limited assumptions are only made based on both collected data and similarity of components.

Figures of "representative" unit types are included as **Attachment D**. The LBP determination report for the complex is included as **Attachment E**. Specific building material types, location, and condition of building materials tested for LBP are presented in the LBP determination report. Identified lead-containing components are as follows:

LBP was not identified on representative interior surfaces of the apartments and common areas and exterior surfaces of the buildings at "Quarry Ridge Apartments".

This report was prepared by CES for the sole use of MaineHousing and should not be reproduced without their full, written authorization. Please contact either of the undersigned at (207) 989-4824 if you have any questions related to this project or if additional services are required.

Sincerely,
CES, Inc.

11K

MDEP Lead Risk Assessor LR-0003

S Ltl:

MDEP Asbestos Inspector AI#0451



Dennis B. King, CHMM
Vice President / Senior Project Manager

OAK/SLY/DBK/cmc
Attachments