

LEWISTON CITY COUNCIL WORKSHOP AGENDA

Tuesday, April 23, 2013

City Council Chambers

6:00 pm Budget Workshop

Pledge of Allegiance to the Flag.
Moment of Silence.

1. Presentation on Economic Development Plan - Regional Concept Strategy 2013 from Jonathan Labonte, Mayor of Auburn.
2. Proposed Amendments to Residential Loan Programs.
3. General Budget Discussions -The City Council will have the opportunity to review and discuss all items in the proposed municipal budget as well as the budget adjustments proposed by the City Administrator and Finance Director.

ECONOMIC DEVELOPMENT PLAN

REGIONAL CONCEPT STRATEGY

Rationale

Economic Development has evolved. Our core commitment to shared economic interests between two cities is still very progressive, but must evolve further.

- Communication is not functioning to its highest level and is making Lewiston-Auburn less effective in asserting its position for public investment to support private growth.
- Elected Policy makers need the communication to be better connected and involved.
- The Joint Meetings of the 2 Councils show the will to work with the agencies and staff to make the changes now, that opportunity doesn't always exist.
- Last year's Auburn City Council requested an operational plan with duties to agencies specifically involved in economic development activities.

Overarching Link to Policy Makers

Per 1996 joint services plan, an oversight board of the two cities should be created; this concept is being used as the basis of a shared Council Policy Board for economic development that would bring public policy makers formally to the table. Over time, it could be enhanced as a means to provide shared governance for other joint services. One option that will be discussed is this joint board could become a board of the Cities overseeing policy and budget requests of all joint agencies.

The suggested structure would be three Councilors from each city nominated to two year terms (or to match term in each cities charter). The two mayors would serve as a seventh and pursuant to both cities Charter's would only vote in the event of a tie. I would further recommend this duty rotate annually between Lewiston and Auburn. Funding to structure, ideally, shall be 50/50, after revenue from organizational partners has been included. This would take longer than this budget cycle due to the need to revisit formulas for existing revenue sharing agreements and to perhaps create new agreements as they relate to industrial/trade and downtown-linked assets in each city. However, implementation could occur July 1, 2013 under the premise that last year's funding levels will be sustained.

Economic Development Service Area #1 (Industrial / Trade) or Port Authority (Lewiston-Auburn, Western Maine)

Organizations that are partnered and work cooperatively:

1. Lewiston and Auburn
2. ABDC
3. Airport
4. Lewiston-Auburn Railroad Corporation
5. LAEGC
 - a. A portion of staff structure
 - b. Re-purposes Foreign Trade Zone Advisory Committee

Any joint agency represented shall present to the oversight board for budget/annual work plan as a precursor to a presentation to a joint meeting of both cities. Until that structure is created, the LAEGC is likely the most obvious vehicle to use to restructure funding of positions.

While policy makers would retain a governance role, and play an active part in annual budgeting/work planning, a critical component for success of this model is the active and meaningful involvement of the private sector and other key agencies.

The "port authority" would have an advisory board, until further structures are established this could be a reformed "Foreign Trade Zone Committee" from LAEGC's bylaws (done simply by a 2/3 vote of the directors at a regular meeting), that would include the airport board chair, the chairperson of the railroad corporation, the chair of the board for ABDC (possibly also LDC), a representative from St. Lawrence and Atlantic, a representative from Pan Am railways, and a rep from Maine DOT.

Staff assigned would be one economic development employee of each City, the airport director, the port director, the industrial/trade economic specialist.

Organizational Chart will include:

- A director this position would be the current president of LAEGC but would have reduced duties changing salary to \$80,000 per year.
- An economic development specialist, with a position description focused. \$65,000 per year and is the position that mostly includes George Dycio's duties.
- Airport continues its current operation, staffing, and board design, but works with the advisory board.
- Rail is operated under same premise as airport. Auburn based revenue and expenses for rail operations transfers to the new overall budget plan of (Port / Oversight Concept). This could be done through a long term contract agreement and ensures that freight/trade activity and its revenue and expenses can be leveraged directly in this area. The railroad's downtown assets are further referenced in the downtown area.

Economic Development Service #2 (Downtown and Small Business)

Organizations that are partnered and work cooperatively:

1. LAEGC
2. LDC (unless LDC wishes to partner on industrial/trade)
3. Lewiston Auburn Railroad
4. Secondary Groups
 - a. LA Arts
 - b. Chamber of Commerce/Regional Image Committee
 - c. LATC

Overall governance/budgetary drafting would go through the joint city policy committee described at the start of this document.

Duties that would be included are:

1. Loan Pool Management
2. Urban / Downtown Development
3. Marketing
4. Accounting/Business Management duties at LAEGC

A Downtown Lewiston-Auburn (or other catchy name) advisory committee would be created that would include an LAEGC Board member, (an ABDC and/or LDC Board member if they choose to be part of downtown projects as well), a railroad company board member, an LA Arts Board member and a member of the Chamber Regional Image Committee (if Chamber commits to raise private sector money in support of components of program).

Staff assigned would be one economic development employee of each City, the marketing director of LAEGC, an urban development specialist from LAEGC (new position), the director of LA Arts

Organizational Chart will include:

- City Manager and Economic Development staff of both cities would be regularly involved.
- Hire a new Urban Development Specialist (\$70,000)
- Marketing director would continue in current role.
- Accounting/Business management stay status quo.
- Loan management is reduced to 20 hours/week, pursuant to proposed 2014 budget.

Budget Capacity

The budgets for this venture are based upon a simple premise: The current funding levels supply the needed revenues to operate this approach. And as a commitment to the success of this model and any future models the City agrees to work on budgets through a five (5) year memorandum of understanding to meet the costs.

Capacity is met under the following guidelines:

1. The Airport funding remains unchanged by the plan.
2. The LA Railroad operates at an average of \$40,000 per year profit and could be asked to contribute towards the port model.
3. LDC and ABDC continue to fund \$39,000 per year with the agreement that if financial efficiencies are found they would be one of the first to reduce funding so as assets could be utilized to implement actual projects.
4. LAEGC continues current funding levels from both cities but budget shows a potential savings of \$20,000 per year. The LAEGC board would have to review some of the concepts outlined in this approach but with changes in duties, time requirements, etc the cost to add a Urban Development Specialist would be the primary new cost.

See the attached budget approach for more detail.

PROS

- Clear directives with 2 defined areas of mutual interests for Lewiston-Auburn.
- Operational structure that coordinates all activities and focused advisory boards with private sector leadership.
- Improved and streamlined lines of communication.
- Governance structure designed to adapt and grow for other joint services. All Joint Agencies could be added to governance structure with ease.
- Engaged elected officials, engaged business leaders, leading to an engaged community.
- Works within existing funding mechanisms. No new costs.

- No staff turnover and all boards maintained.
- Efficient structure for the two cities to align Economic Development resources and staff.
- Sustains independent Economic Development partnerships that allow for more confidential negotiations.
- Opens doors to funding such as a Port Authority and solidifies our seat at the statewide policy table for international trade.
- Creates an avenue to review funding models to consider enhanced tax structures such as tax districts.

CONS

- Without President role at LAEGC, each city places shared management trust in the two city managers/administrators and the shared city policy board
- Reduction in salary to president. (Note that this is due to the more focused role on industrial/trade development)
- The oversight policy committee of the two council will be misconstrued as more bureaucracy.
- The need for the various existing agencies/entities to vote to agree to work under a new, targeted framework.
- Logistics issues in planning meetings.
- Doesn't save money.
- Fear of change.

PORT PROPOSAL

	Net Change	
Airport Operations	\$ -	Current funding model sustains
Railroad Operations		
Freight Related Expenditures		
Insurance (50%)	\$ 1,750	
Interest (50%)	\$ 1,310	
Meetings (50%)	\$ 215	
Office Supplies (50%)	\$ 74	
Professional Services (50%)	\$ 3,278	
RE Taxes (50%)	\$ 855	
Repairs & Maintenance (50%)	\$ 4,400	
Utilities (50%)	\$ 1,450	
Other (50%)	\$ 158	
Total Expenditures	\$ 13,489	
Less: Revenue		
Lease Income	\$ 57,202	2014 St Lawrence Lease
Net Change Railroad	\$ (43,714)	New Contribution
Staffing		
Designated Port Director	\$ 75,000	
Industrial/Trade Specialist	\$ 45,000	
Fringe Benefits	\$ 36,000	
Total Staffing	\$ 156,000	
Total Impact	\$ 112,287	
Revenue Considerations:		
ABDC Asset Service Fee	\$ 39,000	
LDC Asset Allocation	\$ 39,000	
LAEGC Allocation	\$ 34,287	

DOWNTOWN PROPOSAL

	Net Change	
LAEGC Operations 2014	\$ 196,000	Less payroll
Staffing:		
Marketing Director	\$ 51,500	
Loan Portfolio Manager	\$ 26,000	
Staff Accountant	\$ 48,801	
Administrative Assistant	\$ 12,990	
Urban Development Specialist	<u>\$ 70,000</u>	
Total Staffing	<u>\$ 209,291</u>	
Fringe Benefits	\$ 69,066	
Total LAEGC	\$ 474,357	
Railroad Operations		
Lewiston Real Estate Expenditures		
Insurance (50%)	\$ 1,750	
Interest (50%)	\$ 1,310	
Meetings (50%)	\$ 215	
Office Supplies (50%)	\$ 74	
Professional Services (50%)	\$ 3,278	
RE Taxes (50%)	\$ 855	
Repairs & Maintenance (50%)	\$ 4,400	
Utilities (50%)	\$ 1,450	
Other (50%)	<u>\$ 158</u>	
Total Expenditures	<u>\$ 13,489</u>	
Less: Revenue		
Lease Income Residential	\$ 12,240	Other Revenues (Pa
Net Change Railroad	<u>\$ 1,249</u>	New Expense
Total Impact	<u>\$ 475,606</u>	
Revenue Considerations:		
ALT Service Fee	\$ 2,000	
FAME Admin	\$ 39,000	
FAME SSBCI	\$ 4,000	
EDI	\$ 10,000	
RECD-IRP	\$ 7,000	
Origination Fees	\$ 5,000	
415 Lisbon St Lease	\$ 7,000	
Annual Meeting	\$ 22,000	
B2B Trade Show	<u>\$ 80,243</u>	
Total Revenue	<u>\$ 176,243</u>	
LAEGC Allocation	<u>\$ 299,363</u>	

Economic and Community Development

Lincoln Jeffers
Director



To: Honorable Mayor and Members of the City Council
From: Lincoln Jeffers
RE: Draft Proposed Amendments to Residential Loan Programs
Date: April 19, 2013

It has been several years since Lewiston reviewed and amended its residential loan programs. Over the last year, elected officials have expressed the need for residential loan programs that are better aligned with the needs of property owners and goals of the city. Similar discussions have occurred with the CDBG Citizen Advisory Committee.

Community Development Coordinator, Jayne Jochem, has spoken with landlords, other lending organizations, General Assistance and Code Enforcement to revamp the City's residential loan programs. The city programs are capitalized with federal CDBG and HOME program dollars. Accordingly, and by the rules of those federal programs, the dollars are targeted to assisting low to moderate income homeowners and rental property owners, with a special focus on two to four unit properties.

Attached are documents that summarize the distinctions between HOME and CDBG as funding sources, and the programs to be created utilizing each source. There are also guidelines for explaining how each lending program will work. There is a 10 page document that starts with "**To apply for a City loan or grant**" that is the standard terms and conditions that will be included as the part of the guidelines for each program. Rather than printing it for each program presented, we have included in the attached as the "boilerplate" for each of the programs.

As noted at the CDBG budget workshop, the amount of funding available for residential programs is limited. Another goal of the city residential programs is to partner with other local, state and federal programs that are available to leverage the investment in improving the City's housing stock. Other funding sources could include Efficiency Maine programs, a program developed by Community Concepts to repair roofs and electrical systems that will in turn allow weatherization grants to be invested in properties, and state, and perhaps in time local lead and healthy homes program funding.

Staff looks forward to discussing your thoughts on the programs presented at the April 23rd workshop.

Lewiston's HOME Programs

HOME Investment Partnership Program (HOME): This funding is received annually by the Auburn-Lewiston HOME Consortium. The City of Auburn is the lead applicant and responsible entity to HUD. The cities split the funding. This year Lewiston has **\$295,149** available to spend.

The HOME funding is probably one of the most restrictive funding sources available to the Cities. It is available only to those households at or below 80% of Median Family Income (MFI) and the affordability timeframe is written into the statute as follows: Based on the combined HOME assistance to applicant(s), the property shall be occupied by the applicant(s) as a principal residence for the minimum periods as follows:

- 5 years if total of HOME funds is less than \$15,000;
- 10 years if total of HOME funds is between \$15,000 and 40,000; or
- 15 years if HOME funds is over \$40,000.

1. Homebuyer Loan Program (\$58,750) is available to enable low and moderate income households to become homeowners in either city.

Program details:

- Purchase of single family home as primary residence in the City of Lewiston
- Household income must be at or below 80% of MFI
- Must be credit worthy and able to obtain primary conventional financing
- Participate in HOME Savings Account for down payment and closing costs; matched with HOME funds @ 2:1 up to \$5,250
- Additional \$15,000 loan @ 0 % interest
- Maximum term of 40 years based on affordability
- Recapture provision if home is not occupied as a principal residence for the minimum required period

We expect that we will be able to assist at least 3 homebuyers @ an average of \$19,500. It is anticipated that at least one of the homebuyers may also need a small amount of rehabilitation funding as well.

2. Homeowner Rehabilitation Loan Program (\$218,607) is available to improve the housing quality of low and moderate income property owners by eliminating substandard housing conditions, improving energy efficiency, and making general improvements to improve home's livability.

Program Details:

- Owner occupied as primary residence single family home in the City of Lewiston
- Household income must be at or below 80% of MFI
- Minimum funding is \$1,000 and maximum funding is \$35,000

- No match required. No self help.
- 0 % interest loan for a term up to 30 years and possibly a 40 year maximum term based on affordability
- Recapture provision if home is not occupied as a principal residence for the minimum required period

We expect that we will be able to assist 6 owner occupied properties @ an average of \$35,000/household.

3. Security Deposit Loan Program (\$7,500) is available to assist low income tenants moving into a housing unit with the security deposit. Landlord's often require a full month's rent for the security deposit and low income tenants are often unable to save for the deposit and as a result may become homeless.

Program details:

- Must be considered homeless as defined by program guidelines
- Demonstrate no other resources are available
- Move-in to a Housing voucher or Public Housing assisted unit
- Agree to repay the security deposit loan in increments of \$25.00/month
- Remain in the assisted unit for one years time

We expect that we will be able to assist 15 households @ at average of \$500/security deposit.

Lewiston's CDBG Housing Programs

The City of Lewiston is considered an entitlement Community by HUD and receives an allocation of funding annually. The CDBG funding is probably one of the most flexible funding sources available. Each activity funded must meet one of the three national objectives, which includes: 1) low-moderate income benefit; 2) elimination of slum and blight; or 3) urgent need. Aggregate benefits across all activities for a 1-3 year period: at least 70% of all funds must assist low and moderate income persons. Approximately, **\$140,000** of the new allocation and an additional **\$60,000** of program income will be combined to fund the following programs.

Rental Rehabilitation Loan Program (RRLP) **\$152,500** is available to improve the quality of rental housing (2-4 units) to bring the property up to code, rehabilitation of building exteriors, upgrading building interiors, energy improvements, mechanical systems, lead hazard control and abatement, minor structural repairs and rehabilitation in support of weatherization and lead hazard control.

Rental Rehabilitation Loan Program

Program details:

- Owner occupied or investor owned 2-4 rental unit properties in the downtown target area
- 51% of the tenants must be at or below 80% of MFI
- Maximum funding per unit \$7,500
- 10% owner cash match/unit. No self help.
- 3% interest on the loan
- Up to a 20 year maximum term

We anticipate that we will be able to assist up to 20 rental units @ \$7,500/unit. Owner's unit in Owner occupied buildings will be completed through the HOME program.

Homeowner Emergency Loan Program (HELP) **\$37,500** is available to homeowners of single family properties for health and life safety hazards as determined by the City's electrical, building and plumbing inspectors, water and sewer department and fire inspectors. (such as malfunctioning furnaces, water leaks, means of egress, etc.).

Program details:

- Owner occupied single family homes in the City of Lewiston
- Household income must be at or below 80% of MFI
- Maximum funding per unit \$7,500
- No match required. No self help.
- 0 % interest for homeowners @ or below 50% of MFI with a deferred loan; otherwise 2% for households @ or below 80% MFI
- Up to 15 year maximum term based on affordability

We anticipate that we will be able to assist up to 5 homeowners @\$7,500/unit.

Emergency Assistance for Owner occupied Mobile Homes (\$10,000) Assist low – moderate income mobile home owners, who do not qualify for the Capital Improvement Program through General Assistance, with health and life safety hazards as determined by the City’s electrical, building and plumbing inspectors, water and sewer department and fire inspectors. (such as malfunctioning furnaces, water leaks, means of egress, etc.).

Program Details:

- Owner occupied mobile homes in the City of Lewiston
- Household income must be at or below 80% of MFI
- Maximum funding per unit \$2,000
- No match required.
- Grant to the homeowner for affordability

We anticipate that we will be able to assist up to 5 homeowners @\$2,000/unit.

Rental Rehabilitation Loan Program (RRLP)

Program Overview

The City's Housing Program is a key aspect of the housing redevelopment strategy for the City. Our intent is to concentrate funding in the downtown to rehabilitate small 2-4 unit rental housing stock, improve the overall image of the downtown, and spur private sector investment.

The City's RRLP program is being funded through the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program and administered by the City's Economic and Community Development Department. Funding will be concentrated in the downtown Census Tracts 201, 202, 203, 204 which has the largest concentration of small rental housing units.

CDBG funding is considered to be the most flexible federal funding resource available and works well with other federal funds used for rehabilitation. Our intention is to maximize the CDBG funding by utilizing other sources in the rehabilitation process such as Weatherization, Green and Healthy Homes and Lead Hazard Control funding.

Program Objectives

To leverage private investment by:

- Rehabilitating small rental properties within the CDBG Target Area to improve the lives of its citizens through decent, safe and sanitary housing
- Encourage private investment that enhances the appearance of the city and leads to increased property value.
- Eliminating slum and blight

Program Criteria

Property Eligibility: To be eligible the property must be a small rental property (2-4) units, may or may not be owner occupied, and located in the "target area". The qualification process will include an inspection by Code Enforcement during the pre-qualification process. Rehabilitation funding is to be used to correct code violations first and then may be used on other eligible uses.

Applicant Eligibility: The applicant must have proof of ownership of the building, must be current on all City assessments on all properties owned in the City of Lewiston, provide evidence of cash match from a financial institution, lender, insurance payment or owner cash; meet financial and underwriting requirements. The applicant nor any member of his/her family

may be an elected or appointed City Official; Director of any City Department; an employee of the City's Economic and Community Development Department or Code Enforcement and Planning Department. Applicants must rent to low-moderate income residents for an affordability period of one year. At least 51% of the rental units in the property must be occupied by low-moderate income residents.

City Assessments: Applicants may not be delinquent on property taxes, personal property taxes, trash, water or sewer or have any outstanding or delinquent accounts on any property of which they are a principal owner within the City of Lewiston. Applicants must demonstrate a record of compliance with the City of Lewiston's codes, ordinances and policies and any other local, state or federal rules and regulations that apply. Isolated violations will not be considered as a failure if addressed in a cooperative manner.

Cost Estimates: Applicants are required to obtain two firm bids for eligible improvements that are being funded by the program. Bids must be from independent contractors not affiliated with the owner and are of the same scope of work by each contractor. Projects approved for funding will be based on the lowest and most qualified bids; however, applicants may choose any of the submitted bidders but will be responsible for paying the cost that exceeds the lowest qualified bidder. A building owner with a construction company may not bid to do work under this program. No self help is allowed.

Eligible Expenses: Allowable improvements are defined as basic and necessary items that improve the basic livability, safety, or utility of the residence. Any violations of state, federal or local codes relating to minimum standards for residential housing must be corrected.

Examples of allowable improvements include:

- Repair or replacement of inadequate heating, electrical, or plumbing systems.
- Insulation, paint, siding, floors, ceilings, walls and windows.
- Removal of asbestos, lead paint or other hazardous substances (See boilerplate for certifications and instructions)
- Accessibility improvements
- Improvements to an existing garage if the improvements substantially improve the basic livability or energy efficiency of the residential structure
- Energy improvements

Ineligible Expenses: Improvements that are not eligible with this funding source include but are not limited to:

- Appliances, furniture or other personal items
- New construction of decks, patios, sheds or other outbuilding.

- Fences, Landscaping
- Hot tubs, whirlpool bath or saunas.
- Project improvements commenced prior to the receipt of a signed funding agreement from the City (except architectural design)

Maximum Funding Available per Project: Up to \$7,500 per unit provided as a 3% loan for up to 20 years as determined by the ability to repay and as approved by the LQC.

Matching Funding: A 10% match per unit (\$750) is required in the form of cash no in-kind. Applicant may secure match from a lender, owner equity, or insurance, etc. Match must be cash, or liquid and available when the project is approved for funding. A letter of firm commitment from a lender or award letter will be used to verify match from sources other than owner equity. Once the application is approved for funding, each disbursement request must be matched by 10% of the invoice amount with private funding (For each invoice City will disburse 90% and owner will disburse 10%). All of these forms of match are acceptable providing the funding is available at the time the project is ready to proceed. No self-help labor is allowed as match.

Funding Agreement: Applicants must have a signed funding agreement with the City prior to commencement of improvements. Other than for architectural design, project expenditures made prior to the LQC approval and execution of a funding agreement do not qualify as matching funds and are not eligible for reimbursement.

Federal, State and Local Requirements May Apply: Most of the funding available to the City for grants and loans comes from federal or state resources which means there are some restrictions or requirements that must be met. Additionally local ordinances may apply. Restrictions governing these funds are described in a later section of these guidelines.

Funding Source: Community Development Block Grant (CDBG); Other federal, state or local funding may also be used based on availability and at the City's discretion.

Homeowner Emergency Loan Program (HELP)

Program Overview

HELP is available to assist low-income homeowners in Lewiston who find themselves having a major building system fail due to deferred maintenance or because they were only able to make minor repairs as needed over the years. The purpose of this program is to provide immediate assistance to owner-occupied single family property owners for health and life safety issues.

Program Criteria

Property Eligibility: To be eligible the property must be an owner occupied single family home located anywhere in the City of Lewiston. The qualification process will include an inspection for health and life safety hazards as determined by the City's electrical, building and plumbing inspectors, water and sewer department and fire inspectors.

Applicant Eligibility: The applicant must have proof of ownership of the property, household income must be @ or below 80% of MFI as defined by HUD, and maintain hazard insurance on the property. At times homeowners insurance lapses due to the severity of the health and safety issue; if this is the case, the owner must provide proof of reissuance of insurance to the City after the repairs are made.

City Assessments: Applicants may not be delinquent on property taxes, personal property taxes, trash, water or sewer or have any outstanding or delinquent accounts on any property of which they are a principal owner within the City of Lewiston.

Cost Estimates: Applicants are required to obtain two firm bids for eligible improvements that is being funded by the façade program. Bids must be from independent contractors not affiliated with the owner and are of the same scope of work by each contractor. Projects approved for funding will be based on the lowest and most qualified bids; however, applicants may choose any of the submitted bidders but will be responsible for paying the cost that exceeds the lowest qualified bidder. No self help is allowed.

Eligible Expenses: Health and life safety hazards as determined by the City's electrical, building and plumbing inspectors, water and sewer department and fire inspectors. (such as malfunctioning furnaces, water leaks, means of egress, etc.).

Loan Approval: Do to the emergency nature of the program, approval will be made at the Director of the ECDD Department level rather than the Loan Qualification Committee Level. Same underwriting guidelines will be followed as in the City's regular lending programs.

Maximum Funding Available per Project: Up to \$7,500 per property. 0 % interest for homeowners @ or below 50% of MFI with a deferred loan; otherwise 2% for households @ or below 80% MFI with up to 15 year maximum term based on affordability.

Matching Funding: No match required. No self help.

Funding Agreement: Applicants must have a signed funding agreement with the City prior to commencement of improvements.

Federal, State and Local Requirements May Apply: Most of the funding available to the City for grants and loans comes from federal or state resources which means there are some restrictions or requirements that must be met. Additionally local ordinances may apply. Restrictions governing these funds are described in a later section of these guidelines.

Funding Source: Community Development Block Grant (CDBG); Other federal, state or local funding that may be available for Façade Grants

Emergency Assistance for Owner-occupied Mobile Homes Program

Program Overview

Assistance is available to assist low-income mobile homes owners in Lewiston who are unable to fund repairs on a major building system that failed due to deferred maintenance or because they were only able to make minor repairs as needed over the years. Mobile homes are currently an affordable but alternative style of housing for families.

Mobile homes provide ownership rights to the occupants; but pose a complication to most banking or financial institutions who often can't lend on the property because the land is rented and thereby not owned by the homeowner. General Assistance is allowed to provide funding through its Capital Improvement Program (CIP) but many homeowners make too much income to qualify. This program is designed to fill the gap for those families that have too much income to qualify for the CIP through General Assistance and not enough income to afford the repair.

Program Criteria

Property Eligibility: To be eligible the property must be an owner occupied mobile home located anywhere in the City of Lewiston. The qualification process will include an inspection for health and life safety hazards as determined by the City's electrical, building and plumbing inspectors, water and sewer department and fire inspectors.

Applicant Eligibility: The applicant must have proof of ownership of the property, household income must be @ or below 80% of MFI as defined by HUD, and maintain hazard insurance on the property. At times homeowners insurance lapses due to the severity of the health and safety issue; if this is the case, the owner must provide proof of reissuance of insurance to the City after the repairs are made.

City Assessments: Applicants may not be delinquent on property taxes, personal property taxes, trash, water or sewer or have any outstanding or delinquent accounts on any property of which they are a principal owner within the City of Lewiston.

Cost Estimates: Applicants are required to obtain two firm bids for eligible improvements that are being funded by the program. Bids must be from independent contractors not affiliated with the owner and are of the same scope of work by each contractor. Projects approved for funding will be based on the lowest and most qualified bids; however, applicants may choose any of the submitted bidders but will be responsible for paying the cost that exceeds the lowest qualified bidder. No self help is allowed.

Eligible Expenses: Health and life safety hazards as determined by the City's electrical, building and plumbing inspectors, water and sewer department and fire inspectors. (such as malfunctioning furnaces, water leaks, means of egress, etc.).

Loan Approval: Do to the emergency nature of the program, approval will be made at the Director of the ECDD Department level rather than the Loan Qualification Committee Level. Same underwriting guidelines will be followed as in the City's regular lending programs.

Maximum Funding Available per Project: Up to \$2,000 per property provided as a grant.

Matching Funding: No match required. No self help.

Funding Agreement: Applicants must have a signed funding agreement with the City prior to commencement of improvements.

Federal, State and Local Requirements May Apply: Most of the funding available to the City for grants and loans comes from federal or state resources which means there are some restrictions or requirements that must be met. Additionally local ordinances may apply. Restrictions governing these funds are described in a later section of these guidelines.

Funding Source: Community Development Block Grant (CDBG); Other federal, state or local funding that may be available for Façade Grants

"Boilerplate"

To Apply for a City Loan or Grant

A property or business owner interested in participating in the City's Commercial Programs must submit a completed, signed application, along with the required submissions to the Economic and Community Development Department, City of Lewiston, 27 Pine Street, Lewiston, ME 04240. If you have questions specific to the program, you can contact Jayne Jochem, Community Development Coordinator at 207-513-3126 x 3233 or jjochem@lewistonmaine.gov. Personal appointments can be made upon request. There is an open application period as long as funding is available. Commercial loans and grants are processed on a first come, first serve basis for approved projects.

Application Submission

The following items must be submitted as part of the application package.

- a) Completed and signed application form and application checklist for documents required to be submitted
- b) Financial information is required with all applications including: household income, two years personal income taxes, two months of personal bank statements, financial records on the property to be rehabilitated, Copy of current Hazard Insurance on the property, and other information as requested to make a determination on credit worthiness for loan.
- c) Addresses of all properties owned wholly or in part by the applicant in the City of Lewiston.
- d) Current photograph of property to be improved
- e) Written description of the project improvements
- f) Two written bids/estimates of each component of the proposed scope of work needed to complete the project

Application Processing and Review

Each application received will be dated upon receipt in the Economic and Community Development Department offices on the Third Floor at City Hall. Only one original application is needed; however, retain a copy of the completed application for your files. The program itself describes the type of funding available as well as the maximum funding limits. You may request up to that limit; however, if the ask is not supported by the need, the City may fund an amount less than the maximum funding levels. You must meet the individual program as well as the financial guidelines for each type of program applied for. Owner's capacity to finance and complete the scope of the approved project on a timely basis is evaluated as part of the approval process.

Verification of Information

Once the application is submitted, Community Development staff will verify all sources of income, assets, and matching source. Third party written verifications may be needed. Credit Reports to determine credit worthiness of the applicant(s) will be obtained.

Community Development staff will conduct a title search of the property to make sure that the title is clear from liens and will complete property verifications with City Departments, (Assessing, Finance – Water and Sewer, Treasurers, etc. Code Enforcement and Planning) of all owned property to ensure that there are no outstanding assessments or complaints on the property. If there are outstanding assessments or complaints, the applicant will not be eligible for funding until the assessments are paid in full. The Community Development staff will check the Federal State and local databases to determine whether or not the building is historic and the type of review needed. If the property and federal guidelines require project review by the Maine Historic Preservation Commission, the approval process may take as long as 45 days. City staff will also check the FIRMettes Flood Map and the Wetlands Map and print a GIS map of the property location.

Community Development staff will review the project and the bids with Code Enforcement and set an appointment to conduct the initial inspection of the property to ensure that the improvements made to the property will add value and that the building can support the proposed improvements. Code Enforcement will make recommendations as needed including items that do not meet code and need to be repaired as part of the project.

Community Development staff will check the Contractors that have provided proposals against the Excluded Parties List System (EPLS) <http://www.epls.gov> to determine if the contractor has been debarred, suspended, is proposed for debarment, excluded or otherwise disqualified from work that is being federally funded. Staff will document the file.

Each activity funded must meet one of the three HUD national objectives, which includes: 1) low-moderate income benefit; 2) elimination of slum and blight; or 3) urgent need. In aggregate, at least 70% of all funds must assist low and moderate income persons across all activities over a 1-3 year period. Community Development staff will document the file defining the National Objective.

CDBG Residential Program Definitions

Affordability Guidance:

Multi-unit housing (2-4 units) having rental charges which are considered affordable to low/moderate income tenants are to be determined in the following manner:

- a. Monthly rental charges for each dwelling unit in the property, at the time of application and/or the term of the loan must not exceed the maximum established by HUD. These figures are based on Section 8 Fair Market Rents (FMR). Lewiston's rental housing loan programs will allow rents up to 120% of FMR (but not to exceed LHA's current limits) as deemed appropriate.
- b. The maximum rental charges may not exceed the LHA's utility allowance cost of tenant paid utilities as defined by the housing authority.
- c. At the time of the loan application and after completion of the rehabilitation and for the term of the loan, a minimum of fifty-one percent (51%) of the tenants residing in the property must be at or below the low/moderate income limits set by HUD.
- d. Rents must remain affordable for a one (1) year period after the construction is finished and the loan goes into repayment and cannot be raised for one year unless the Fair Market Rent (FMR) for the area is adjusted (or LHA approves a local increase) to reflect an increase in rents. If this occurs the property owner may raise rents to the newly adjusted FMR but no higher.

Household Income:

- a. Income of all members of the household is considered for computing total household income. This may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, net rental income, child support, alimony, Social Security benefits, SSI retirement, pension, or annuity, AFDC, unemployment benefits, worker's compensation, and disability or benefits from any source.
- b. For the purpose of computing income, a household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.

c. Exception -- An exception to calculating household income will be for boarders of the applicant. A boarder is an adult who pays the market rate to rent a room and shares kitchen facilities with the applicant. The applicant must produce verification of rental income such as canceled checks and rental income on a federal income tax form. The gross income of the boarder will not be included in calculating the applicant's household income. Instead, the HUD Fair Market Rent for a 0 bedroom unit shall be added to household income. The boarder will not be counted as a household member when calculating family size.

Investor: Property owner that does not live in the property to be rehabilitated who may receive rehabilitation assistance in order to improve housing conditions for low/moderate income tenants.

Mixed-Use: A property used in some part for residential purposes and in some part for non-residential purposes.

Owner-Occupied: An applicant who holds the entire ownership interest of a property and lives in one unit of the property as a primary residence.

Rehabilitation Costs: The total of contractor estimates from eligible contractors for the scope of the work. Part of this scope of work may include lead hazard control or abatement. ECDD must consider whether the rehabilitation calls for lead hazard control measures. This may involve hiring a risk assessor or lead inspector who will determine whether lead hazards exist and what methods must be used to control them. All contractors must have the proper certifications as required by HUD, EPA and MEDEP. A copy of the certification will be required with the contractor's bid. If lead hazards exist a clearance test will be required by a licensed risk assessor of the construction area to confirm the absence of lead hazards after the work is completed. The Contractor and owner will work closely to minimize the need to displace occupants of a dwelling unit as well as ensure no residents of the property are affected by lead hazards.

Residential Property: A property used entirely for residential purposes (household living space).

Target Areas: A designated neighborhood area defined by the (ECDD) for concentrated use of Community Development Block Grant Funds. Census Tracts 201, 202, 203 and 204 are designated as the "Target Area".

Risk Analysis and Underwriting Criteria

All loans will be underwritten by staff in the Economic and Community Development Department.

The following underwriting criteria will be used to evaluate the financial strength of the borrower and the anticipated success of the project:

1. Debt Coverage Ratio (DCR) defined as the monthly debt compared to the monthly net income. The City will accept a DCR of 1.10
2. Debt Service Coverage Ratio (DSCR) defined as the Net Operating Income (NOI) divided by the Total Debt Service. The City will accept a DSCR of 1:1.20
3. Loan to Value Ratio (LTV) defined as the Total Loan Balances of the mortgages divided by the Fair Market Value of the Property. The LTV will not exceed 100% LTV (loan only)
4. Commitment of other lenders/Terms of the Commitment/Subordination
5. Repayment/Refinancing Collateral
6. Matching source from an institutional lender, owner financing, insurance company, and/or any other source acceptable to the lender
7. Track record of cooperation with Code Enforcement and other City departments
8. Verification that all City Department assessments (taxes, City utilities, etc) have been paid

The file will be documented with this information and reviewed by staff to determine whether or not the project is financially feasible and ready to move to the Loan Qualification Committee for approval.

Application Approval:

All applications for program funding is presented for review and approval to the Loan Qualification Committee (LQC), which consists of: the City of Lewiston's City Administrator, Economic & Community Development Director, Director of Finance, one member of the City Council, and one citizen representative preferably with lending experience.

The actions of the Committee shall be governed by the following rules:

- a. A majority of the Committee's members must be present to constitute a quorum. At least three (3) votes on the prevailing side are required to constitute a valid vote on any funding application.
- b. Committee approval of applications will be contingent upon the applicant meeting the requirements of the program they are applying for
- c. The Committee has the authority to adjust terms, rates and the match requirement and underwriting ratios on a case-by-case basis.

Approval/Disapproval of the Funding Request

Once the LQC makes a recommendation, the applicant will be notified via telephone by a representative of the Economic and Community Development Staff. If the terms have been modified, the borrower will be given an opportunity to accept the new terms and conditions or request an appeal.

Appeal Process

The applicant may appeal the decision of the Loan Qualification Committee (LQC) under the following circumstances:

- a. Must be in writing with an explanation regarding why the applicant should be granted an appeal
- b. No new information may be presented by the applicant only clarification of information that was not presented correctly.
- c. Request for an appeal must be made within 30 days of the date of the decision to deny or modify the terms of participation in writing to The LQC, Chairperson, who will conduct the appeal process.
- d. The decision of the Chairperson is final.

General Terms and Conditions for Participation in the City Programs

This section sets forth the general terms and conditions to which an applicant must agree in order to receive a loan through the City.

Once the proposed work is approved for funding and a Commitment Letter is issued. Community Development Department staff will contact the owner, schedule an appointment for a loan closing. The following documents become part of the Funding Agreement between the City and the Owner: 1) Commitment Letter, Terms and Conditions of the Program, Security Agreement or Mortgage, Promissory Note, Personal Guaranties of all owners, if Equipment is purchased UCC-1 and 2; or other Agreements pertinent to the type of funding.

The City of Lewiston views the documents executed at the loan closing as a contractual agreement between the Borrower and the City. To fulfill this agreement, the Borrower must:

1. Complete within six (6) months all rehabilitation work as described in the loan application submitted by the applicant and approved by the Loan Qualification Committee. For exterior work scheduled allowances may be made for weather if needed.
2. Repay in full and in the manner prescribed, all loan money disbursed to the Borrower by the City of Lewiston through its programs.

3. The Borrower accepts ultimate responsibility for fulfillment of this agreement and further agrees that:
 - a. Other verbal agreements or written contracts entered into for the completion of any rehabilitation activity is made solely between borrower and the respective contractor and/or supplier;
 - b. Will indemnify and hold harmless the City of Lewiston and its agents from any and all disputes or claims of any nature for damages which may arise from the performance of any rehabilitation activity.
4. If a Borrower fails to maintain the property at or above the minimum acceptable level prescribed by municipal codes, the City Treasurer may assess an interest penalty to be added to the Borrower's monthly payment. This interest penalty shall be equal to the unpaid principal of the loan after the code violations are discovered, times one-twelfth of the annual effective interest rate of the matching bank loan, and shall be assessed each first day of the month thereafter, until the code violations are corrected.
5. The Borrower's failure to make any monthly payment in full within thirty (30) days of the date when due, or the Borrower's failure to make full payment of any late charge or interest penalty within thirty (30) days of the date assessed, shall constitute a default.
6. The entire principal balance and all accrued interest shall become immediately due and payable without notice or demand upon the foregoing events:
 - a. The Borrower's failure to make any monthly payment in full within 30 days of the date when due, or the Borrower's failure to make full payment of any late charge or interest penalty within 30 days of the date assessed shall constitute a default;
 - b. The commencement of any proceedings by or against the developer under any bankruptcy or insolvency laws;
 - c. The dissolution of, insolvency of, appointment of a receiver for, or assignment for the benefit of creditors of any property of, the developer;
 - d. Loss of, substantial damage to, destruction of, sale of encumbrance upon (whether first or second position to this note and the mortgage securing this note), seizure of, levy against, attachment of, failure to pay any property taxes or other city utilities upon, or insurance premiums on the project property
7. Rehabilitation Loans will require a security instrument which is acceptable to the City. The cost of preparation and registration of the security document will be the Borrower's responsibility to bear and will be payable to the City at the time of the loan closing.

8. A Borrower agrees to permit inspection of the property, rehabilitation work and all contract agreements, materials, equipment, payrolls, and conditions of employment pertaining to the rehabilitation project by the City's ECDD and/or Code Enforcement personnel.
9. The Borrower agrees to follow the procedures and conditions of all established and applicable municipal ordinances in the physical rehabilitation and maintenance of improved property. Work not meeting minimum standards and procedures established by code is unacceptable for disbursement of any loan funds.
10. Disbursement of Program funds:
 - Disbursement of all Rehabilitation Loan funds is made to the Borrower and the contracted contractor upon request submitted to the City's ECDD. Invoices received by Monday, end of day, will be processed for payment on Wednesday of the following week, no earlier than 3:00 pm.
 - Repayment of the loan will begin upon completion of the construction phase or six (6) months after the closing date.
 - The above is contingent upon approved activities being completed according to applicable municipal codes. No money will be disbursed to reimburse the Borrower for improvements made to the property which were not approved by the Loan Qualification Committee before they were commenced.
11. The Borrower is required to maintain hazard insurance on the improved property for the full term of the note and for an amount equal to the total value of all mortgages held on the property. Prior to disbursement of program funds, the City shall be listed as a loss payee on the policy for the property.
12. The Borrower agrees to keep such records as may be required by the City of Lewiston with respect to the rehabilitation activities.
13. The Borrower further agrees to abide by all terms and conditions of Federal Regulations, including:
 - 1) **Federal Labor Standards:** The Borrower must abide by established minimum wage rates (Davis Bacon Act as supplemented by Department of Labor regulations) contained in entitlement grant regulations 24 CFR 570.603 Applicable only to rehabilitation of properties with 9 or more rental units.

2) **Lead-Based Paint Hazards**: Any Rehabilitation loans made by the City of Lewiston shall be subject to the current federal regulations contained in entitlement grant regulations 24 CFR Part 35 provisions providing for the elimination of lead-based paint hazards. All contractors must be certified under the RRP rule from EPA and any other applicable regulations.

3) **"Section 3" of the Housing and Urban Development Act of 1968**: The Borrower must comply with the Provisions of Training, Employment and Business Opportunities and will comply with Title IX Section 915, Section 3 of the Housing and Urban Development Act of 1968, as amended in 1992; and in accordance, in all work made possible by or resulting from this contract, affirmative action will be taken to ensure that residents (preferably; lower income) of the City of Lewiston are given maximum opportunities for training and employment and that business concerns located in or owned in substantial part by residents of the City of Lewiston are to the greatest extent feasible, awarded contracts. This is for contracts that exceed \$200,000.

4) **Flood Hazard Insurance**: If the property to be improved is located in a designated flood hazard area, the applicant is required to carry flood plain insurance in accordance with the National Insurance Act of 1968 (as amended) and abide by the regulations of the Flood Disaster Protection Act of 1973 as contained in Entitlement Grant Regulations 24 CFR 570.605.

5) **Fair Housing**: The Borrower must not discriminate upon the basis of race, color, creed, or national origin in the sale, lease, rental or occupancy of an improved property and will comply with the Fair Housing Act of 1968 as amended.

6) **The Civil Rights Act of 1964, codified**: The Borrower must not discriminate upon the basis of race, color, creed, or national origin in the sale, lease, rental or occupancy of an improved property and will comply with Title VI of **the Civil Rights Act of 1964, codified** in United States Code Title 42 Sec. 2000(d), and Title VIII of the Civil Rights Act of 1968, and Section 109 of the Housing and Community Development Act of 1974, and in accordance therewith, no person in the United States shall, on the ground of race, color, national origin, religion, age, or sex, be excluded from participation in, be denied the benefits, or be subjected to discrimination under, any program or activity funded in whole or in part with the Community Development funds or any other federal financial assistance. The operating agency will immediately take any measures necessary to effectuate this agreement.

7) **Interest of Certain Federal Officials:** No member of or Delegate to the Congress of the United States, and no Federal Housing Commissioner shall be admitted to share any part of this Program or any benefit to arise from the same.

8) **Interest of Members, Officers, or Employees of Operating Agency, Members of Local Governing Body, or Other Public Officials:** No member, officer or employee of the Department of Development (Planning, Community Development or Code Enforcement) or its agents or assignees, no municipal officers of the City, and no other member of any board or commission, elected or appointed official of Lewiston or employee of the City of Lewiston, who exercises any decision-making functions or responsibilities regarding the Community Development Program, shall have any direct or indirect pecuniary interest, as that term is defined by 30 MRSA, Section 2250, et seq., in any contract, subcontract or the proceeds thereof for work to be performed in connection with the program assisted under this agreement.

9) **Bonus, Commission or Fee:** The Borrower cannot pay any bonus, commission or fee for the purpose of obtaining the City of Lewiston's approval of the loan application, or any other approval or concurrence required by the City of Lewiston or its designee to complete the rehabilitation work, financed in whole or in part with the rehabilitation loan.

10) **Federal Funding Accountability and Transparency Act:** The Owner shall comply with requirements established by the Office of Management and Budget (OMB) concerning the Dun and Bradstreet Data Universal Numbering System (DUNS), the Central Contractor Registration (CCR) database, and the Federal Funding Accountability and Transparency Act, including Appendix A to Part 25 of the *Financial Assistance Use of Universal Identifier and Central Contractor Registration*, 75 Fed. Reg. 55671 (Sept. 14, 2010)(to be codified at 2 CFR part 25) and Appendix A to Part 170 of the *Requirements for Federal Funding Accountability and Transparency Act Implementation*, 75 Fed. Reg. 55663 (Sept. 14, 2010)(to be codified at 2 CFR part 170).

These guidelines may be amended as required by changes in federal programs.