



# HOMESTART

Affordable Housing for Peaks Island

## An Overview

April 25, 2009

### **Understanding HOMESTART**

We are members of the Peaks Island Community.

We seek and expect no financial gain.

We are part of a community based volunteer board working to create affordable housing.

We are not a development group.

### **HOMESTART Target Group**

The first priority is people presently living on Peaks Island.

### **Why should HOMESTART bother? Is it too expensive to live on Peaks Island?**

We aim to work with people now living on the island to stay here in safe, energy efficient and affordable homes.

### **Could the work of HOMESTART work for other individuals or groups?**

We encourage others to address the issue of affordable housing with us.

### **What is HOMESTART asking of the Peaks Island Council?**

We are asking for support in seeking conditional rezones linked only to providing affordable housing.



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## The Path to Today

### The Challenges and Opportunities

Island living includes challenges of higher consumer costs, increasing property taxes and a fixed ferry schedule. Peaks Island, however, presents opportunities relatively few island communities can claim with its proximity to Maine's largest job market and its services and amenities. It enjoys rare physical beauty which is substantially protected by an intentioned conservation effort. Clearly, despite the challenges, Peaks Island is a desirable community and, like other similar locations, housing costs are higher than the regional average. We, as a community, are concerned about maintaining the qualities of our neighborhood while assuring that our friends and neighbors can to continue to live here.

### Community Response

In 2002, island volunteers worked to develop a vision for Peaks Island. The culmination of this work is the Peaks Island Neighborhood Plan, issued in February of 2005. The high cost of living and lack of affordable housing was one of six top issues facing our community. The report suggested the following steps:

- a) Change zoning to allow affordable housing initiatives, such as encouraging building in the IB and IR-2 zones.
- b) Establish non-profit community housing trust to identify properties and opportunities. Explore funding sources for creation of affordable housing.
- c) Encourage the City to lobby the State to continue to expand the "Circuit Breaker" program. Increase public knowledge of other funding assistance programs, such as those that offer heating assistance.
- d) Conduct a Home Improvement Fair that provides information to citizens and officials alike.<sup>1</sup>

### HOMESTART

The Affordable Housing Subcommittee grew into a working board and officially incorporated, as a non-profit, HOMESTART as had been suggested by the Neighborhood Plan. The original goals were to examine and implement strategies to reverse the upward trend in housing prices and create lower cost solutions for families on Peaks Island. Discussions at the board and community level, not only identified seasonality and gentrification as a pressing issue, but also recognized potential tension between the need for housing and preservation of open space.

During the years of 2003 through 2006, HOMESTART looked at housing issues both here on Peaks Island and in other similar communities. HOMESTART created working relationships with other organizations and communities providing affordable housing. The group also identified funding sources for the creation of affordable housing.

In April of 2007, HOMESTART received approval from the City of Portland Housing Tax Acquired Property Committee for the acquisition of 143 Pleasant Avenue on Peaks Island and

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<sup>1</sup> Island Neighborhood Plan, February 15, 2005, p. 7.

HOMESTART purchased the 6,078 square foot lot for the sum of \$1.00. In 2008, HOMESTART voted to pay for a survey and septic design for the lot with the expectation of gifting it to Habitat for Humanity for a single family home.

In June 2007, HOMESTART purchased its first house on 18 Luther Street with the assistance of an Islands Challenge Fund Grant from the Island Institute and a Grant from the Genesis Community Loan Fund. HOMESTART now holds the mortgage on this property. The group came together with several volunteers and renovated this small home transitioning it into a year round rental. This home has been rented at a below market rate and offered to a qualified island resident.

In October 2007, HOMESTART signed a one-year lease, with an option to buy, with the owner of 16 Elizabeth Street. An island family subleased the home that is located in the village. The homeowner granted an additional one year lease to HOMESTART. In December, a new qualified family moved into that home. The current lease has no provision to purchase however; the owner remains open to the idea of working toward providing for permanent affordable home ownership on this property.

In the winter of 2009, HOMESTART made an offer to purchase the four unit apartment house at 242 Island Avenue and received a counter offer from the owners. Though a financial stretch, HOMESTART is anxious to continue the negotiation and work with the PIC, community and City of Portland to return this former affordable rental as an island resource.

HOMESTART, Peaks Island Energy and Tax Assistance, the Brackett Memorial United Methodist Church and other island organizations have hosted and participated in public events devoted to sharing information on home improvements and programs addressing affordability and energy efficiency. This work needs to continue.

HOMESTART now turns toward working with the community to create several affordable housing options; building on Luther St., affordable rentals on Island Ave, and a Habitat Home on Pleasant Ave. Current zoning presents challenges for all three opportunities. HOMESTART does not seek global zoning code changes but only to use the option of a conditional rezone only to allow for affordable housing on specific sites by the relaxation of setback and density restrictions in the three instances noted above.

Our goal is to work with the community to provide affordable, safe, energy efficient homes for islanders of modest means. Many PIC councilors have voiced similar objectives. We trust we can work together to obtain this goal and realize a community success.



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## Who to Serve? What is Feasible?

For homeownership opportunities, HOMESTART is looking at programs for those at 80% to 120% of median income. This translates to an annual income of \$54,550 to \$81,120 for a family of four.<sup>2</sup>

### **Housing Costs are Affordable When Costs are 30% of Gross Income**

	Annual Income	Monthly Income	30% of Monthly Income
80% AMI	\$54,550	\$4,542	\$1,364
100% AMI	\$67,600	\$5,633	\$1,690
120% AMI	\$81,120	\$6,760	\$2,028

Housing is considered affordable when total housing costs (rent or mortgage plus taxes and basic utilities) are no more than 30% of a household's gross income.

### **Sale Price And Monthly Mortgage and Interest**

Home Price	10% Down Payment	Monthly Mortgage & Interest
\$200,000	\$20,000	\$966.28
\$190,000	\$19,000	\$917.96
\$180,000	\$18,000	\$869.65
\$170,000	\$17,000	\$821.34
\$160,000	\$16,000	\$773.02
\$150,000	\$15,000	\$724.71
\$140,000	\$14,000	\$676.40
\$130,000	\$13,000	\$628.08

Mortgage and interest payments are calculated at an interest rate of 5% with a down payment of 10% using the Maine State Housing Mortgage Calculating Tool.<sup>3</sup>

<sup>2</sup>

[http://www.huduser.org/datasets/il/il2008/2008summary.odn?inputname=METRO38860MM6400\\*Portland%2C+ME+HUD+Metro+FMR+Area&selection\\_type=hmfa&year=2008pdf](http://www.huduser.org/datasets/il/il2008/2008summary.odn?inputname=METRO38860MM6400*Portland%2C+ME+HUD+Metro+FMR+Area&selection_type=hmfa&year=2008pdf)

<sup>3</sup> <http://www.mainehousing.org/EDUCalculatorMortgage.aspx>

**Housing Budget  
When Costs are 30% of Gross Income**

	Budget 30% of Monthly Income	Mortgage & Interest	Property Taxes	Insurance	Heat	Electricity	Affordable Range of Home <sup>4</sup>
80% AMI	\$1,364	\$639	\$333	\$167	\$117	\$108	\$130,000
100% AMI	\$1,690	\$965	\$333	\$167	\$117	\$108	\$190,000
120% AMI	2,028	\$1,303	\$333	\$167	\$117	\$108	\$230,000

Property taxes were estimated using data from the City of Portland Assessor’s Office. Insurance, heat and electric costs were taken from Housing Affordability in Maine - Taking Stock.<sup>5</sup> The goal is to create homes that are highly energy efficient to lower the heating and electric costs to the homeowner.

HOMESTART seeks to use the Conditional Rezone to create three affordable housing purchase opportunities and six affordable housing rental opportunities. The applications would clearly request conditional rezones solely linked to the goal of creating lasting affordable housing for our community.

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An elementary teacher earns an average of \$44,666 and a person working in community and social services earns an average of \$36,063. This couple earns a total of \$80,729. Holding housing costs at 30% of gross income, they could afford \$2018.23 per month. They can afford a \$200,000 home.

An administrative assistant earns an average of \$24,317 and an average of health care technician earns on average, \$38,673. As a couple, they two earn \$62,990. Holding housing costs at 30%, they could afford \$1574.75 per month.<sup>6</sup> They can afford a \$190,000 home.

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<sup>4</sup> This value assume 10% down payment at 5% interest and indicates the home price this household could afford  
<sup>5</sup> Housing Affordability in Maine - Taking Stock. (2009) Housing Affordability Initiative at the MIT Center for Real Estate. Accessed 4/20/09

<http://www.mainehousingcoalition.org/PDF%27s/Housing%20Affordability%20in%20Maine%20-%20Final.pdf>

<sup>6</sup> Salary information is taken from the Bureau of Labor Statistics for Maine, 2008. Accessed 4/20/09:  
<http://www.bls.gov/ncs/ocs/sp/ncbl1163.txt>



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## Preserving Affordable Housing Stock Some Models

### **Open Market**

The government, to protect to rights of both buyers and sellers, loosely regulates the housing market and lending practices. Housing prices relate to supply and demand of housing stock. Affordable housing is not guaranteed in the open market.

### **Community Land Trusts**

Community Land Trusts (CLT) make housing affordable by dividing the ownership of the home from ownership of the land. The homeowner receives a deed for their home but leases the land beneath their home from the CLT. CLTs are nonprofit corporations that are dedicated to creating and preserving affordable housing. .

### **Deed Restrictions**

Restrictions placed on a property deeds control the use of the property. Restrictions travel with the deed, and generally cannot be removed by new owners. Most deed restrictions control the home resale price, define the eligibility requirements of the next buyer and require the unit to be owner occupied.

### **Habitat for Humanity**

Habitat for Humanity is a private, non-profit 501c3 organization committed to providing affordable housing within communities. In the Greater Portland area, homes are built at a cash and in-kind value of approximately \$135,000. A pre-qualified homebuyer must complete a series of home ownership classes and several hundred hours of volunteer work for Habitat to purchase a home. The homebuyer receives a 30-year mortgage at 0% interest held by Habitat. At the sale, the home is evaluated and Habitat holds a second mortgage on the difference between the sale price and the evaluation price. When, and if, the owners sell, they owe Habitat any unpaid balance on the first mortgage and up to 80% of the difference between the original purchase price and the original evaluation. The mortgage payments and the 80% equity serve as funding for Habitat to continue their work. On Peaks, Habitat would prioritize current islanders for a home and allow for a deed restriction on the land cost to preserve affordability.

### A Comparison of the Models

|                                                  | Open Market                                                                                                                                                                                                         | Community Land Trust                                                                                                                                                                                                                                                                                                        | Deed Restrictions                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Restrictions to maintain long-term affordability | *None                                                                                                                                                                                                               | *Provisions in the ground lease regulate resale and use of structures on the land                                                                                                                                                                                                                                           | *A restrictive covenant controls the resale price, eligibility of next buyer and requires owner occupancy                                                                                                                                                                                                                                                                                                      |
| Length of restrictions                           | N/A                                                                                                                                                                                                                 | Usually 99 years with option for renewal                                                                                                                                                                                                                                                                                    | Permanent as they stay with deed                                                                                                                                                                                                                                                                                                                                                                               |
| Advantages                                       | <ul style="list-style-type: none"> <li>*Mortgages are familiar and acceptable</li> <li>*Mortgages are easy to administer</li> <li>*Homeowners may sell to the highest bidder and realize the full profit</li> </ul> | <ul style="list-style-type: none"> <li>*CLTs employ a board structure to protect the interests of the homeowner, community and CLT</li> <li>*CLTs monitor homeowners for defaults, misuse of the property, and neglect</li> <li>*CLTs separate the structure from the land, taking the land cost out of the sale</li> </ul> | <ul style="list-style-type: none"> <li>* Deeds are familiar and acceptable</li> <li>*Deed restrictions are becoming more familiar due to land conservation</li> <li>*Affordable housing covenants or deed restrictions became legal in 1991.</li> <li>*Restrictions on resale price preserve affordability</li> <li>*The benefit of the original subsidy benefits all future owners of the property</li> </ul> |
| Disadvantages                                    | <ul style="list-style-type: none"> <li>*Affordability is not preserved in appreciating markets</li> <li>*Creates a profit for the initial owner</li> </ul>                                                          | <ul style="list-style-type: none"> <li>*A CLT needs to be created, funded, and staffed</li> <li>*Ground leases are usually written for 99 years</li> <li>*CLT use of ground leases adds complexity</li> </ul>                                                                                                               | <ul style="list-style-type: none"> <li>*Deed restrictions are not self-enforcing, someone needs to monitor them</li> <li>*Deed restrictions may be written for 99 years</li> <li>*Title searches do not necessarily reveal restrictions</li> </ul>                                                                                                                                                             |

Source: Island Affordable Homeownership Seminar, Maurice A. Selinger, III, Esq., Curtis Thaxter Attorneys at Law, 2008.

Frequently Asked Questions about Community Land Trusts, Burlington Associates in Community Development, LLC. [www.burlingtonassociates.com](http://www.burlingtonassociates.com). 2006

## Models Used by Maine Islands

Chebeague – 350 residents

- Owns one home used as affordable rental

Cliff – 40 residents

- Community members rent to neighbors at an affordable rate

Cranberry Isles – Cranberry Isles Realty Trust – 120 residents

- 1 house built for affordable rental
- 1 house renovated for affordable rental

Frenchboro – Frenchboro Future Development Corp – 50 residents

- 7 homes built and sold – deed restricted affordability
- 2 lots sold below market for income eligible buyers to build a home

Isle au Haut – Isle au Haut Community Development Corp – 50 – 60 residents

- 3 homes built on town land as affordable rentals
- Town program provides low cost land to year round residents as home sites

Islesboro – Islesboro Affordable Properties – 650 people

- 8 unit Ruthie James Subdivision – Land Lease/CLT
- 1 modular rental home – affordable through IAP subsidy
- 2 homes built on Mazza property – deed restricted affordability
- Beginning possible 22 unit subdivision for affordable housing

Long Island - Year Round Housing Corporation – 200 residents

- YRHC owns land and will lease it to community members to build homes

Monhegan Island – Monhegan Island Sustainable Community Association (MISCA) – 50 residents

- Owns a building with 3 condos – CLT model
- One home bought and sold as affordable – deed restricted affordability
- One lot provided for the use of building an affordable home

North Haven – North Haven Sustainable Housing – 350 residents

- Built one home on donated land - CLT model

Swan's Island – 350 residents

- 14 homes built – deed restricted affordability

Vinalhaven – Affordable Housing Committee – 1300 residents

- Maine Dirigo Subsidized units – Section 8 Housing
- Community Housing of Maine is in the process of converting an former store into 6 affordable apartments



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## What Will it Cost?

The Acton Cape is a 1360 square foot, 3-bedroom home built in both Brunswick and Harpswell. In a coastal community, it has sold for \$125,650. Land cost was offset by the sponsoring organization. Reviewing the figures with input from builders and considering transportation costs, HOMESTART estimates the home would cost roughly 187,000 to build.

| PROJECT EXPENSES          |              |
|---------------------------|--------------|
| General Conditions        | \$12,534.00  |
| Land Cost                 | \$25,000.00  |
| Site Work                 | \$30,000.00  |
| Landscaping               | \$500.00     |
| Concrete                  | \$11,635.00  |
| Rough Carpentry           | \$13,000.00  |
| Framing Materials         | \$22,392.00  |
| Finish Carpentry          | \$2,720.00   |
| Building Insulation       | \$3,445.00   |
| Roofing                   | \$1,334.00   |
| Siding                    | \$2,305.00   |
| Windows                   | \$2,335.00   |
| Drywall                   | \$5,850.00   |
| Flooring                  | \$6,800.00   |
| Appliances                | \$1,250.00   |
| Painting                  | \$2,720.00   |
| Cabinets and Countertops  | \$3,500.00   |
| Mechanical (plumb & heat) | \$20,875.00  |
| Electrical                | \$5,345.00   |
| OH&P 6%                   | \$7,113.00   |
| Misc (transportation)     | \$6,500.00   |
| Total                     | \$187,153.00 |

In 2006, Islesboro Affordable Properties placed a modular 2 bedroom approximately 1,000 square foot house on the island. The total cost to build was just under \$200,000. The sale cost was \$165,300. Offsets were provided through IAP operating funds, IAP credit line, and a Genesis Grant.

| PROJECT EXPENSES                              |              |
|-----------------------------------------------|--------------|
| Land                                          | \$23,414.00  |
| Infrastructure                                | \$31,809.65  |
| Modular Home<br>(Including<br>Transportation) | \$142,668.04 |
| CNB Interest                                  | \$874.50     |
| Total:                                        | \$198,966.19 |



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## What Can Islanders Afford?

Using Housing and Urban Development income guidelines, the following information details what a typical islander of 80% to 100% of area median income might afford to pay for housing. Affordable is defined as rent, insurance, heat and electricity totaling no more than 30% of gross income.

### **Rental Income Limits per HUD 80% AMI**

|                  | 1 person | 2 people | 3 people | 4 people |
|------------------|----------|----------|----------|----------|
| 80% Income (AMI) | \$38,200 | \$43,650 | \$49,100 | \$54,550 |

### **Rental Affordability For those at 80% of AMI**

|          | Annual Income | Monthly Income | Housing Budget 30% of Monthly Income | Rent  | Insurance | Heat  | Electricity |
|----------|---------------|----------------|--------------------------------------|-------|-----------|-------|-------------|
| 1 person | \$38,200      | \$3,183        | \$955                                | \$563 | \$167     | \$117 | \$108       |
| 2 people | \$43,650      | \$3,638        | \$1,091                              | \$699 | \$167     | \$117 | \$108       |
| 3 people | \$49,100      | \$4,092        | \$1,228                              | \$836 | \$167     | \$117 | \$108       |
| 4 people | \$54,550      | \$4,542        | \$1,364                              | \$972 | \$167     | \$117 | \$108       |

### **Rental Income Limits per HUD 100% AMI**

|                   | 1 person | 2 people | 3 people | 4 people |
|-------------------|----------|----------|----------|----------|
| 100% Income (AMI) | \$47,700 | \$54,600 | \$61,400 | \$67,600 |

### **Rental Affordability For those at 100% of AMI**

|          | Annual Income | Monthly Income | Housing Budget 30% of Monthly Income | Rent   | Insurance | Heat  | Electricity |
|----------|---------------|----------------|--------------------------------------|--------|-----------|-------|-------------|
| 1 person | \$47,700      | \$3975         | \$1193                               | \$801  | \$167     | \$117 | \$108       |
| 2 people | \$54,600      | \$4550         | \$1365                               | \$973  | \$167     | \$117 | \$108       |
| 3 people | \$61,400      | \$5117         | \$1535                               | \$1143 | \$167     | \$117 | \$108       |
| 4 people | \$68,200      | \$5683         | \$1705                               | \$1313 | \$167     | \$117 | \$108       |

Source:

[http://www.huduser.org/datasets/il/il2008/2008summary.odn?inputname=METRO38860MM6400\\*Portland%2C+ME+HUD+Metro+FMR+Area&selection\\_type=hmfa&year=2008](http://www.huduser.org/datasets/il/il2008/2008summary.odn?inputname=METRO38860MM6400*Portland%2C+ME+HUD+Metro+FMR+Area&selection_type=hmfa&year=2008)

Housing Affordability in Maine - Taking Stock, by the Housing Affordability Initiative at the MIT Center for Real Estate.

**Island Ave Apartment Building  
Potential Income and Expenses  
Based on an Avg rent of \$1,000/month  
6 Units**

|                                   |                 |                |
|-----------------------------------|-----------------|----------------|
| <b>PROJECT INCOME</b>             |                 |                |
| Tenant Rents                      | \$72,000        |                |
| <b>Total Income:</b>              | \$72,000        |                |
| Less Vacancy (5%)                 | (\$3,600)       |                |
| <b>Effective Gross Income:</b>    | <b>\$68,400</b> |                |
|                                   |                 |                |
| <b>PROJECT EXPENSES</b>           |                 |                |
| <b>Administrative</b>             |                 | (per unit)     |
| Management                        | \$3,840         | \$640          |
| Marketing                         | \$288           | \$48           |
| Legal                             | \$240           | \$40           |
| Audit/Accounting                  | \$2,500         | \$416          |
| Other                             | \$400           | \$67           |
| <b>Total Administrative:</b>      | <b>\$7,268</b>  | <b>\$1,817</b> |
| <b>Operating</b>                  |                 | -              |
| Electricity (for common areas?)   | \$1,200         | \$200          |
| Water/Sewer                       | \$6,000         | \$1,000        |
| Trash Removal                     |                 | -              |
| Misc.                             |                 | -              |
| <b>Total Operating:</b>           | <b>\$7,200</b>  | <b>\$1,800</b> |
| <b>Maintenance</b>                |                 | -              |
| Grounds                           | \$1,600         | \$400          |
| Snow                              | \$1,600         | \$400          |
| <b>Total Maintenance:</b>         | <b>\$3,200</b>  | <b>\$800</b>   |
| <b>General Expenses</b>           |                 | -              |
| Property Taxes (PILOT) -2% of rev | \$1,000         | \$250          |
| Insurance                         | \$1,000         | \$250          |
| Reserve Funding                   | \$1,200         | \$200          |
| <b>Total General:</b>             | <b>\$3,200</b>  | <b>\$800</b>   |
| <b>Total Expenses:</b>            | <b>\$20,868</b> | <b>\$5,217</b> |
|                                   |                 | -              |
| <b>Net Operating Income</b>       | <b>\$47,532</b> |                |



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## How to Meet the Gap

### **Home Buyer Options**

- Require the buyer take a home ownership class such through Consumer Credit Counseling Services or PROP.
- Introduce the buyer to the HomePort Program for pre-qualification  
In combination with a bank purchase loan, the City will provide a loan of \$30,000 at 0% interest with a term of "due on sale or transfer" for purchase.

#### *Buyer's Responsibility*

- Buyer must be at 80% of AMI.
- Home cost must not exceed \$256,025.
- The buyer must complete a series of homeowner courses.  
([www.mainehomeworks.org](http://www.mainehomeworks.org)).
- The buyer's net liquid assets (e.g. cash in the bank) must be \$15,000 or less.

#### *Participating Bank's Responsibility (designated by the HomePort Program)*

- Mortgages at the current market rate (30 years)
- Banks may charge Seller 2 points based on the bank loan amount.
- Banks will not charge an application fee, or any other fees, unless previously approved by the City.
- Insurance and tax payments are escrowed with the bank.
- Private Mortgage Insurance is waived.
- Introduce the buyer to Home Ownership Opportunities (MADI)
  - First-time homebuyer program
  - Provides up to \$9,000 for down payment and closing costs for income-eligible buyers.
- Introduce the buyer to *CA\$H* (Creating Assets, Savings and Hope)
  - Personal strategies to increase income, reduce debt, save for the future, and achieve financial stability
  - Free financial workshops
  - A program of United Way of Greater Portland

### **Home Renter Options**

- Renters are required take a financial a management class such as hoMEworks through Prop.
- Renters are introduced to *CA\$H* (Creating Assets, Savings and Hope).
- Maine callers are networked to information about health and human services in their communities through 2-1-1 Maine.

## **HOMESTART Options – Private Foundations and Public Grants**

Maine State Housing Authority (MSHA)

[www.mainehousing.org/](http://www.mainehousing.org/)

MSHA offers services to make housing more affordable to the people of Maine, including:

- Homebuyer programs
- Rental assistance programs
- Home improvement and energy efficiency programs
- Grants and loans for housing development

Maine Department of Economic and Community Development

<http://meocd.informe.org/>

The Office of Community Development provides funding and technical support to communities including:

- The Housing Assistance Grant Program (HA)

Coastal Enterprises, Inc. (CEI)

[www.ceimaine.org/](http://www.ceimaine.org/)

CEI's Housing Program creates affordable housing opportunity for the people of Maine through several programs, including:

- Individual Development Accounts, a savings match program
- Homebuyer educational programs
- Maine Housing Technical Assistance Consortium

Genesis Community Loan Fund

[www.genesisfund.org/](http://www.genesisfund.org/)

Genesis provides flexible, below-market financing and expert assistance to affordable housing and community groups across Maine. Programs include:

- Sustaining Maine's year-round island communities – The Islands Challenge Fund
- Technical assistance
- Loan programs

Community and Corporate Support

HOMESTART will seek community and corporate support both in cash and in kind. This will include:

- Fund raising events
- Donation of services and materials related to building
- Contributions of professional advice such as legal services
- Access to Maine Bank and Trust services offered HOMESTART to assist in education, construction loans, borrower pre-qualification, and underwriting mortgages



# HOMESTART

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## Where Do We go From Here?

Given the information presented, you may think that HOMESTART has moved far down the path of development. We have worked to research the various questions from community and PIC members and in this process, we have reached out to other island affordable housing groups, local builders, local banks, community organizations, state agencies and federal agencies. The material we provide related to building is only an example. Our goal is to move forward, with community input, to explore the following three options fully and make the best decision possible to provide affordable housing units to members of our community.

We do not seek to develop these properties ourselves, rather to contract with a reputable builder who can provide actual plans, firm cost quotes and insurance to protect the potential buyer, the community and HOMESTART. We want to be clear; neither volunteer board members nor the HOMESTART organization will realize any financial gain from these or any future projects, social gain to the community is the only goal.

In order to move forward with any of the proposed options, HOMESTART seeks the support of the PIC for conditional rezones as they apply to each property. The conditional rezones will be solely to create affordable housing into perpetuity for Peaks Island.

The case of 18 Luther Street is the most pressing as HOMESTART holds a mortgage that is soon to lose its interest subsidy which making the carrying cost untenable. To address this, HOMESTART seeks PIC support in applying for a Conditional Use contract rezone to allow building two additional single-family, energy efficient, affordable homes on this 16,123 sq foot lot. The contract rezone will speak to issues of increasing the density, modifying the setback and frontage requirements, for this parcel in the IR2 zone. HOMESTART will not seek changes to the maximum lot coverage or height restrictions and will work with the Planning Board toward setbacks that respect the neighborhood character.

The case of 242 Island Avenue is pressing as the property is on the market. To make this project feasible, the number of units must increase from four to six and the only way to do this is through a contract rezone. Without this initial step, it makes little sense for HOMESTART to explore funding options, obtain quotes for renovation work, and recruit tenants. HOMESTART seeks PIC support in applying for a Conditional Use contract rezone to allow the conversion of this four-unit condominium building to a six-unit affordable rental building. The contract rezone will address the issue of increased density on this 5,600 square foot lot in the IR2 zone. There are no planned changes to the exterior of the building.

In the case of 143 Pleasant Avenue HOMESTART seeks PIC support in giving this tax-acquired property to Habitat for Humanity of Greater Portland to build a single-family, energy efficient, affordable home on this 6,078 sq foot lot in the IR1 zone. To build on this undersized lot, Habitat will seek a Practical Difference Variance from the Portland City Zoning Board.

HOMESTART believes that affordable housing is an important community issue. Past statements from PIC members indicate that councilors also find affordability and safe, energy efficient housing to be an important community issue. We ask for your support to explore the options we have outlined and others that the community may bring forward, with the goal to create options for our island neighbors and friends.