



TOWN OF KITTERY

200 Rogers Road, Kittery, ME 03904

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Housing Committee Agenda

January 4, 2024

1:00 PM

Hybrid Meeting - Town Hall Conference Room A & Zoom

Zoom Link: https://us02web.zoom.us/webinar/register/WN_u9Rbn7E0QZu7I-zJzBYZ1Q

1. ADU Grant Program
 - a. Finalize Grant Round 2 Edits
2. Develop 2024 Objectives
3. 18-20 Phelps Update
4. Next Meeting: February 1, 2024
5. Adjournment

Meeting Materials:

- Draft Grant Rules
- 2023 Committee Objectives

ADU Grant Pilot Program Rules

Purpose: The purpose of this grant program is to incentivize construction of new ADUs that will be affordable to lower-income households by assisting Kittery property owners with the costs to design, permit, and construct new ADUs on their properties. Any eligible property owner who is interested in building an affordable ADU on their property is encouraged to apply.

Background: The Town of Kittery encourages construction of Accessory Dwelling Units (ADUs) to provide context-sensitive affordable housing in existing neighborhoods. However, new ADUs made available for rent may remain affordable for certain households because of high construction costs and rising area median rents. Kittery's Housing Committee administers this grant program to offset some of those costs to encourage development of affordable housing in our community.

Grant Stipulations:

A. Homeowner applicant

1. Homeowner must be a resident of the property.
2. Household must be at **80%-120%** of Area Median Income (AMI) or less, as defined by MaineHousing for the York-Kittery-South Berwick HFMA and as adjusted periodically.
3. Please note: the committee may prioritize lower income household applicants during the grant award process.
4. The Town will verify household income qualification at the time of application. Household income includes adjusted gross income filed on federal/ state tax returns for all household members aged 18 and older. 12.7.23
5. The applicant must be able to build a code compliant ADU on their property, as verified by Kittery Planning staff prior to application.

B. ADU Tenants

1. Tenant household must be at **80%-60%** of AMI or less, as defined by MaineHousing for the York-Kittery-South Berwick HMFA and as adjusted periodically.
2. Tenants' household income may increase to a maximum of 110% of AMI over the course of their tenancy, at which time they will be given one year to find an alternative housing placement.
3. The Town will verify tenant household income on a yearly basis. The grantee is responsible for assisting in the verification process by providing information for this purpose. If the grantee does not comply with this stipulation, they will be responsible for paying back a pro-rated portion of the grant.
4. Every initial lease with a tenant must be for a minimum of 1-year, but may transition to a month-to-month lease thereafter.

C. Rents

1. Rent must remain at or below the monthly rates deemed affordable for a tenant household earning 60% AMI, as established by MaineHousing for the York-Kittery-South Berwick HMFA and as adjusted periodically. *Changed 12.7.23*
2. Town must confirm each new lease is in compliance with the grant stipulations for income qualifications and duration.

D. Finding a Tenant

1. Grantees may advertise their rental unit as they see fit, but must include information on income restrictions.
2. Local social service agencies may also assist the homeowner in identifying potential tenants.
3. The homeowner is the sole decision maker on who they choose as tenant, so long as the tenant meets the income stipulations outlined above.
4. If the homeowner chooses to rent to a household with a voucher, they will benefit from additional incentives through **Fair Tide's Landlord Engagement Initiative**.

E. Condition(s)

All stipulations will be in place for 10 years and enforced through a deed restriction executed and recorded with the grant award, and municipal liens (as may be allowed by State law).

F. Use of Funds

1. The Committee may grant up to ~~\$50,000~~ **\$75,000** per applicant unit for design, permitting, and construction costs to create an Accessory Dwelling Unit on their property. *Try & see how it goes. 12.7.23*
Note: the committee may vary the amount of grant funds allocated to individual applicants based on an applicant's household income, construction costs for the proposed ADU, or any of the other selection criteria listed below
2. ~~There will be two grants available in the pilot year, for a total allocation of up to \$100,000.~~
3. **The number of grants available per year is dependent on Town funds available for the program.**
4. The newly created ADU can be inside the existing structure, attached to the existing structure, or a separate structure on the property.
5. The ADU must comply with Title 16 and all other zoning regulations.
6. The grantee must comply with all Town inspection and Code Enforcement regulations and processes.

G. Funding Award

1. ~~The initial pilot program will be awarded via a random lottery process.~~
2. Applicants may only have one entry per eligible property.

- ~~3. After the application deadline, staff will hold a drawing to randomly select two separate properties to be awarded grant funds from all completed and eligible applications.~~
4. Projects do NOT need to meet all of the selection criteria to qualify for this program.
5. Grants will be awarded by Committee selection process. In the event that the number of qualified projects/ applicants exceeds the number of projects that can be funded in the current cycle, projects will be evaluated and selected based on the following criteria.
 - a. Owner household income; households reporting lower earnings may be prioritized for selection or selected for larger grant awards. Properties owned by recognizable individuals, couples, or families may be prioritized for selection over properties owned in trusts or other other shared estates.
 - b. Estimated project cost: projects which are demonstrably less costly than others to design and construct due to factors such as ADU location, utilities, or site conditions may be prioritized for selection.
 - c. Fairness in distributing public funds: Projects which would result in one (1) ADU on a property may be prioritized for selection over projects which would result in multiple units.
 - d. Availability of public utilities: ADUs that will be serviced by public water and sewer facilities may be prioritized over projects for which public water or sewer facilities are not available.
 - e. Projects located in Targeted Growth Area in Comprehensive Plan may be prioritized over projects located in Limited Growth Areas.
 - f. Proximity of project to Services, Businesses, Employment. Projects located closer to workplaces, commercial services, or transit facilities may be prioritized for selection.
 - g. Project understanding and capacity: applicants who demonstrate a clear understanding of, and commitment to, the actual costs and procedures for designing, permitting, and constructing an ADU may be prioritized for selection. Evidence of understanding may include (but is not limited to) design plans, written advice from permitting agent(s), agreements or cost estimates from contractors, project schedule, or documentation of project funding.
 - h. Other factors presented by the applicant or selection committee members which are related to the program's purpose as stated above.

H. Proposed timeline and process for distributing funds

1. The grantee must have the ADU design completed and a contract with a builder within 6 months of grant notification and/ or obtain a building permit (if performing the work on their own).
2. The grantee must have all permits, and construction must begin within 1-year of the grant award.
3. The ADU must be completed within 2 years of the grant award.

4. Grant funds will be disbursed as direct payments to the designer, contractor or vendor upon verification of services or materials provided.
5. 10% of funds may be paid up front for materials costs, with itemized bill from contractor (or vendor if applicant is performing work on their own).



Affordable Housing Committee Annual Objectives 2023

- Committee Engagement in Business Park Zoning Review
- Expand Inclusionary Housing to other zones (prioritize target zones)
- Develop and Host Community Outreach and Forums
- Gather developer/expert feedback on Inclusionary Housing Zoning provisions.
 - Existing/Perceived Barriers
 - Height restriction
 - 25 % maximum for payment in lieu