

## ADU Pilot Program Outline

**DRAFT: 10.07.21**

- **Use of Funds:**
  - Grant, up to \$50,000, to create an Accessory Dwelling Unit
  - Two grants available in pilot year, totaling \$100,000
  - ADU can be separate structure, attached to house, or inside existing residence
  - Must comply with Kittery ADU ordinance and all other zoning regulations
  - Must comply with all town inspection and code enforcement regulations and processes
  - Timeline and process for distributing funds:
    - Must have design completed and a contract with a builder within 6 months of grant notification
    - Must have all permits, and construction must begin within 1-year
    - Project must be complete, Town inspected and approved, and occupied by qualifying tenant within 2 years
    - Payments will be made directly to the contractor
    - Up to 15% of funds may be authorized up front for design and/or material costs
    - 10% of funds may be paid up front for materials costs, with itemized bill from contractor
  
- **Stipulations:**
  - **Homeowner applicant**
    - Household must be at 80% of AMI, or less, as [defined by MaineHousing](#) for the York-Kittery-South Berwick HMFA and as adjusted periodically
    - Town will verify income at time of application – **Do we care if income increases after initial verification?**
    - Must be able to build an ADU on their property, as verified by the Kittery Planning Staff prior to application
  - **ADU Tenants**
    - At time of initial application, household must be at 80% of AMI, or less, as defined by MaineHousing
    - 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
    - Town will verify tenant household income on a yearly basis. Homeowner is responsible for gathering and sharing tenant income information for this purpose. If they do not comply with this stipulation, they will be responsible for paying back a pro-rated portion of the grant.
    - Every initial lease with a tenant must be for a minimum of 1-year, but may transition to a month-to-month thereafter

- **Rents**
  - Rent must remain at or below the [voucher payment standard](#), as defined by MaineHousing for the York-Kittery-South Berwick HMFA and as adjusted periodically
  - Town must approve each new lease
- **Finding a tenant**
  - Grant recipients may advertise their rental unit as they see fit, but must include information on income restrictions.
  - Local social service agencies may also send potential tenants to the homeowner
  - Homeowner has final say in who they choose as tenant, as long as they meet the tenant stipulations outlined above
  - If homeowner chooses to rent to a household with a voucher, they benefit from additional incentives through Fair Tide's [Landlord Engagement Initiative](#)
  - Town does final income verification for tenant before lease is signed
- **All stipulations are in place for 10 years**
- **Outcomes:**
  - Two new affordable Accessory Dwelling Units created
  - Two households are better able to afford to stay in their homes through ADU rental income
  - With likely tenant turnover, multiple households will benefit from each ADU over the course of the 10-year restriction