



Auburn Accessory Dwelling Unit Development (ADUD)

Notice of Funding Opportunity

Purpose

The purpose of the **Accessory Dwelling Unit Development (ADUD) Program** is to create new housing units by incentivizing infill and locally owned rental unit construction. These units are less costly to construct for state and local government and allows for more rapid creation of units by leveraging local contractors, private capital, and municipal infrastructure. This program is funded by American Rescue Plan Act (ARPA) as well as the Maine State Housing Authority (MSHA) Community Solutions Grant and is subject to all requirements set forth by the funders as well as the Community Development Program rules herein. This program utilizes income standards and Fair Market Rent (FMR) as published annually by the U.S. Department of Housing & Urban Development (HUD).

Funding

This program will provide a forgivable loan up to 15% of actual construction costs (max \$33,000) of a property which adds a new accessory dwelling unit. This construction will be verified by the Business & Community Development Department, Assessing & Code Enforcement. All work must take place after an approved and separate scope of work and budget. A closing for a forgivable loan will be executed and approved funds will be held in a city managed escrow account. Contractors will be paid pari passu to matching funds and other programs funds which may be included. All projects will be properly permitted and approved by the city Code Enforcement Office and must receive an occupancy permit within 6 months.

Eligibility

1. The property must be an owner-occupied, year-round residential property.
2. Property owners must qualify at or below 120% of the Area Median Income (AMI) based on the current year limits as established by HUD.
3. Owners must not be delinquent on any taxes or utilities.
4. Funds must be used to construct a new secondary or accessory dwelling on the property.
 - a. Unit of no more than 800sq.ft.
 - b. Unit must connect to city sewer and water utilities.
 - c. Unit must be newly constructed or create a net increase of livable space by converting previously non-occupied space.
 - d. Unit must be completed within 6 months of agreement.
 - e. Unit will be rented to income-qualified tenants (under 80% AMI for the current year as published by HUD) for a period of 5 years.
 - f. Rental unit will not exceed the lower of HUD's published Fair Market Rent (FMR), or 30% of tenant monthly income (including utilities) for a period of 5 years.

Affordable Housing Development

Units enrolled in this program will be newly constructed after program launch date and will be rented to low-income tenants (qualified under 80% AMI) for a period of 5 years. Additionally, rent for enrolled units will not exceed the lower of [HUD's published Fair Market Rent \(FMR\), or 30% of tenant monthly income \(including utilities\)](#) for a period of 5 years. The city of Auburn will monitor compliance during this affordability period and re-qualify any new tenants if there is turn-over in the unit.

Application

Applicants will create an account and apply through the city Community Development Application portal and will provide all necessary documentation. <https://portal.neighborlysoftware.com/auburnme/participant> Complete the "Rental-Unit Rehab (Investor/Landlord)" Application. Make sure to select "Creation of New Unit" under section E11. Applications will be collected on a rolling basis until all funds are committed. Failure to provide all needed information will result in applications being denied. The city of Auburn reserves the right to reject any application.

The City of Auburn is committed to accessibility for all applicants. For questions or accommodations completing applications contact the Community Development Office at (207) 333-6601 ex.1332 or emailing CDBG@auburnmaine.gov. Arrangements will be made for non-English-speaking persons and persons with special needs for mobility, hearing and visual impairments, homebound or those needing assistance with technology and/or access.

Management and Oversight

- *Written Agreement:* The city will enter into a written agreement with approved applicants describing the amounts and uses of funds.
- A loan agreement will be executed in the amount awarded. Once all conditions of the agreement are met the loan will be converted to a grant.
- In the event the homeowner does not meet the conditions detailed within the agreement all city funds provided will be required to be repaid by the applicant.
- This program will be a funded no less than monthly on a reimbursement basis, pending all necessary documentation and reporting.

In order to be eligible to receive funds, all property taxes, real and personal, owed on the property that is the subject of the application must be current at the time the application is made. Any property on which there is past due balance for such taxes will be removed from consideration.