

# DOVETAIL CONSULTING LLC

Affordable Housing Consulting | Project Management | Owner Representation

## MEMORANDUM

Date February 3, 2021  
*revised June 24, 2021*

To: Hathaway Holdings, LLC  
c/o Paul Boghossian (“Developer”)

From: Andy Jackson, Dovetail Consulting LLC

Re: Gardiner Green, Dresden Avenue, Gardiner, Maine  
Affordable housing program

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This memo outlines an affordable housing program (“Affordable Program”) to support Developer’s application for site plan and subdivision approval with the City of Gardiner (“City”).

### **1. Overview**

- a. Developer is in the process of developing the site known as Gardiner Green (Building 6 at 150-152 Dresden Avenue) as multifamily housing (“Project”) with a mix of apartment sizes as follows:
  - i. 6 rental studio units
  - ii. 18 rental one-bedrooms
  - iii. 10 rental two-bedrooms
  - iv. 22 for-sale units in other buildings on the site
  - v. 56 total units
- b. Developer will designate a portion of the units as affordable to qualify for a density bonus under the City zoning ordinance. The ordinance requires that at least 10% of the units be affordable housing (see definition below).
- c. Developer plans to provide for the full requirement for the entire site in Building 6, which is intended to be built first. At least 10% of 56 units is six affordable units (“Affordable Units”). Developer is planning to deliver 7 Affordable Units in Building 6, which would cover the affordable requirement for up to 70 units on the site (assuming there is sufficient land/acreage to allow a total of up to 70 units after full buildout).
- d. The Project will engage a property management company that is qualified in tenant income certifications to ensure compliance with the affordability criteria specified in this memo.

## 2. Affordability Definition

- a. The City zoning ordinance (§10.23.5) refers to 30-A M.R.S.A. Section 4301 for the definition of affordable housing:  
*"Affordable housing" means a decent, safe and sanitary dwelling, apartment or other living accommodation for a household whose income does not exceed 80% of the median income for the area as defined by the United States Department of Housing and Urban Development under the United States Housing Act of 1937, Public Law 75-412, 50 Stat. 888, Section 8, as amended.*
- b. The Project will create new construction units that are decent, safe, and sanitary as they will meet current building, energy, and life-safety codes.
- c. MaineHousing, the state Housing Finance Agency, publishes annual guidelines for income and rent levels per HUD guidelines. These charts are based on demographic and census data and are specified for cities and counties, as applicable. The most current chart data for Kennebec County covers a project in Gardiner, as follows:

Number of people in household	80% Area Median Income (gross)
One	\$42,250
Two	\$48,250
Three	\$54,300
Four	\$60,300
Five	\$65,150

See attachment A for the rent and income charts published in June 2020 for Kennebec County, Maine.

- d. Rent levels are derived from household income levels by taking 30% of the gross income. For example, a household with one person earning \$42,250 per month would be eligible for a one-bedroom apartment with a monthly rent of \$1,131.

Apartment size	Monthly Rents
Studio (0 Bedroom)	\$1,056
One Bedroom	\$1,131
Two Bedroom	\$1,357
Three Bedroom	\$1,568

- e. These charts are adjusted annually to account for changes to the area median income. The relevant income/rent line for this Project is highlighted.
- f. The stated rents assume that the Landlord pays all utilities, which is atypical. In the usual case where Tenant pays some or all utilities, the rents would be adjusted per the chart shown in attachment B. For example, for a 1BR apartment where the tenant pays for electric cooking and other electric devices (lighting, etc) then the monthly rent would be adjusted down by \$8 + \$22 = \$30 to account for that portion of the utilities paid by the tenant.
- g. The Affordable Units will be:

- i. Three studio units
  - ii. Three 1-BR apartments
  - iii. One 2-BR apartment
- h. Prior to obtaining a certificate of occupancy, Developer will designate which units within the Project will be the Affordable Units. The Affordable Units shall have identical finishes, fixtures, and equipment to the comparable market-rate units within the Project. Affordable Units will be integrated with the rest of the development, will use a common entrance and will provide no indications from common areas that these units are Affordable Units.
- i. During leasing and rent-up, the Developer and Management Company will market the Affordable Units in parallel with the market-rate units in all marketing channels.

### **3. Duration**

- a. The affordable units will be offered to qualified tenants on a first-come, first-served basis for a period of 25 years following the date the Project obtains a final certificate of occupancy (Compliance Period).
- b. Upon the successful completion of the Compliance Period and the requirements outlined in this memo, Developer will request confirmation from the City that the affordable housing program has been satisfied. Once the City issues this confirmation, the Project will no longer be obligated to meet affordable housing requirements up to a maximum project total of 70 units.

### **4. Management and Ongoing Compliance**

- a. During the Compliance Period:
  - i. Developer will engage with a qualified property management company ("Management Company") with staff that has experience with tenant income certifications per the HUD criteria stated above.
  - ii. If requested by the City, Developer will produce a statement of (i) the occupancy status of the Affordable Units and a (ii) report produced by the management company summarizing tenant income certifications with redactions to protect tenant privacy.
  - iii. The Project is assumed to be compliant with this affordable housing program if the City does not request any reporting documentation during the Compliance Period.
  - iv. If, after reviewing any requested compliance documentation, the City determines that the Project has failed to document any of the Affordable Program obligations, the City may request corrections or remedial actions in writing to the Developer. Developer will have 30 days to correct any document errors or omissions.

- v. In the case that an Affordable Unit is found to be occupied by a household that is not within the income limits, due to error of the Developer and/or Management Company, the Management Company will rent the next available market-rate unit (with the same bedroom count) to a household that is within the income limits and the Compliance Period will be extended by one-fourth of the time that a non-compliant household was renting an Affordable Unit. For example, if one unit was found to be occupied by a non-compliant tenant for one year, the Compliance Period would be extended by three months.
- vi. In the case that an Affordable Unit is found to be occupied by a household that is not within the income limits due to willful misrepresentation or fraud by the tenant, the Developer and Management Company shall be held harmless and the terms of this Affordable Program shall remain without adjustment.
- vii. In the case that a household is qualified for an Affordable Unit at the time of their initial lease but their income later increases, they shall be allowed to remain in the Affordable Unit until their income exceeds 140% of the initially qualifying income. If their income exceeds 140% of the initially qualifying income, then their unit shall be designated a market-rate unit and the rent can be adjusted accordingly and the next available market-rate unit shall be rented as an Affordable Unit. In this case there shall be no adjustment to the Compliance Period.
- viii. Tenants in Affordable Units shall be provided with a written description of the occupancy requirements of the unit.
- b. This program contains the full description of the affordable housing program for this site.
- c. This program can be amended from time to time with mutual agreement between the City and Developer.

*--End of Memorandum--*