

# MAINE STATE LEGISLATURE

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# SOUTHERN MAINE AFFORDABLE RENTAL HOUSING COALITION

*-working to increase the supply of affordable rental housing in Southern Maine –*

## POSITION PAPER

### RECOMMENDATIONS FOR REFORMS IN MSHA GOVERNANCE

SEPTEMBER 2004

#### **Overview:**

Southern Maine Affordable Rental Housing Coalition (SMARHC) is an ad hoc public education and advocacy group whose members include many leading housing and social services agencies in southern Maine. SMARHC was formed in 2000 for the purpose of increasing the supply of affordable rental housing in southern Maine. SMARHC commissioned the attached performance and governance review of Maine State Housing Authority (MSHA). The impetus for commissioning the report (conducted by EBW Associates) were the ongoing concerns expressed by SMARHC members and others interested in state housing policy regarding both MSHA policy and programs as well as MSHA responsiveness and accountability in program and policy design. The EBW report was commissioned to provide a factual framework for analysis of MSHA's a) program performance and b) governance and oversight structure in comparison to its peers nationally.

The EBW report reached two major conclusions. First, MSHA's program performance is neither exceptionally productive nor exceptionally unproductive in comparison to its peers in the state Housing Finance Authority (HFA) arena. However, MSHA does stand out in terms of the large number and scope of programs that it administers. The second conclusion of the report is that MSHA's governance structure is exceptionally different than those of other state HFAs. In particular, the MSHA director is invested with extraordinary power but is subject to relatively little oversight or accountability. Furthermore, MSHA's program responsibility has grown dramatically since its inception without any change in its governance structure.

SMARHC believes the conclusions of the EBW report merit immediate action. Because the state's budget crisis has diminished MSHA's program resources in the midst of an acute rental housing shortage in Southern Maine, it is imperative that MSHA effectively target and maximize its limited resources. Further, because limited resources result in MSHA having to make tough choices, it is critical that those choices be made within a structure that is transparent to all and characterized by accountability to the agency's stakeholders.

#### **SMARHC Recommendations:**

Based on the findings of the EBW Report, SMARHC makes the following recommendations to improve the oversight and accountability of Maine State Housing Authority:

- I. Expanding and Diversify MSHA’s Board of Commissioners
    - a. Board Composition
      - i. Retain State Treasurer as ex officio commissioner
      - ii. Eliminate Director as ex officio commissioner and ex officio Board Chair
      - iii. Increase Geographic and Stakeholder Representation –
        - 1. Add six representatives from/experts on the following program areas:
          - a. Energy Assistance Programs
          - b. Affordable Multifamily Development
          - c. Homelessness
          - d. Section 8
          - e. Special Needs
          - f. Banking Sector
          - g. Real Estate Sales
          - h. Low-income representative
          - i. Public Finance
        - 2. Achieve geographic diversity with 5 to 9 at large commissioners
      - iv. Increase Board of Commissioners size to allow effective use of committees
        - 1. Total number of commissioners – 12 to 16
      - v. Revise MSHA conflict of interest rules to allow the Board to access the expertise of potential Commissioners who may be actively engaged in the use of MSHA programs.
    - b. Retain Current Structure of Gubernatorial Appointment of Commissioners subject to Legislative Approval
- II. Promote Accountability and Professional Oversight of MSHA Director
  - i. Board of Commissioners to hire and fire Director
  - ii. Board of Commissioners to enter into employment contract with Director
  - iii. Contract defines and assesses performance goals
  - iv. Contract allows Board to dismiss Director for failure to achieve performance goals
- III. Increase the Responsibilities of the Board of Commissioners
  - a. Shift Certain Duties from Director to Board
    - i. Board approval of allocation of agency resources across programs
    - ii. Board oversight of program design, performance and decisions
    - iii. Appellate role for Board on staff decisions