

# MAINE STATE LEGISLATURE

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Department  
of  
ECONOMIC AND COMMUNITY DEVELOPMENT  
OFFICE OF COMMUNITY DEVELOPMENT  
MAINE AFFORDABLE HOUSING ALLIANCE

A PLAN FOR THE DEVELOPMENT OF AFFORDABLE HOUSING  
FOR LOWER AND MODERATE-INCOME HOUSEHOLDS IN MAINE  
IN ACCORDANCE WITH  
THE AFFORDABLE HOUSING PARTNERSHIP ACT OF 1989

May 8, 1990

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## I: Introduction- The Plan

The citizens of the State of Maine approved by referendum, in November of 1989, a general fund bond issue in the amount of \$15,000,000 to provide funds for acquiring and preserving land for affordable housing and for the development of affordable housing.

The Affordable Housing Partnership Act of 1989 (hereafter referred to as "the Act") was, in part, designed to create additional housing capacity within the Department of Economic and Community Development by creating an internal division called the Maine Affordable Housing Alliance. The other partner of the Affordable Housing Partnership is the Maine State Housing Authority. The Act also created an Advisory Board for the Maine Affordable Housing Alliance in the form of a 15 member Affordable Housing Alliance Advisory Committee. Finally, the Maine Affordable Housing Alliance has been directed to consult with the Interagency Task Force on Homelessness and Housing Opportunities.

The Act divided the \$15,000,000 from the sale of bonds between the Maine State Housing Authority and the newly-formed Maine Affordable Housing Alliance and called upon them to use the monies in a coordinated fashion. The Maine State Housing Authority has been given three separate allocations of money. These funds are \$4,500,000 for the Maine Affordable Housing Land Trust fund, \$3,000,000 to preserve lower-income and moderate-income housing and \$1,000,000 to capitalize the Mortgage Insurance Fund. The Maine Affordable Housing Alliance has been given three separate allocations of money, each requiring a separate program and rule. These funds are \$500,000 for municipal land acquisition, \$4,000,000 for municipal infrastructure and \$2,000,000 for the creation of Housing Opportunity Zones.

The Act requires that the Department of Economic and Community Development and the Maine State Housing Authority work jointly, and in consultation with the Interagency Task Force on Homelessness and Housing Opportunities and the Affordable Housing Alliance Advisory Committee, to create a plan for the development of affordable housing for lower and moderate income households in Maine. The Department of Economic and Community Development has directed the Maine Affordable Housing Alliance to work with the Maine State Housing Authority to develop this plan. The following is a draft of the proposed plan.

## II. The Roles of the Maine State Housing Authority and the Maine Affordable Housing Alliance

This plan, which has been designed, in part, to coordinate the resources of the bond issue, is heavily dependent not only upon the available funds, but to a much greater degree on the experience and staff of the participating agencies. The Maine State Housing Authority has, in general, met Maine's needs by using local financial institutions and developers as delivery mechanisms for its programs. On the other hand, the Department of Economic and Community Development, and hence, the Maine Affordable Housing Alliance, has developed a separate expertise by working primarily through municipalities. Therefore, these two agencies with their complementary skills, should more effectively meet the goals of the Affordable Housing Partnership than either could alone.

The Maine State Housing Authority has been in existence for over 20 years and has created housing for thousands of home buyers, renters and those with special needs including the elderly, handicapped, mentally retarded and the homeless. With a staff of over 70 employees, it has experience and expertise in all aspects of the housing industry. Furthermore, its many existing and ongoing programs, as well as its substantial bonding capacity and other financial resources, makes it a particularly able participant in the Affordable Housing Partnership.

The Maine Affordable Housing Alliance has been given the charge to assist municipalities in developing affordable housing under the Act. In addition to providing funds to municipalities for land acquisition, infrastructure improvements and Housing Opportunity Zone aid, the Maine Affordable Housing Alliance will provide technical assistance to municipalities and will conduct a state-wide public education campaign about the issue of affordable housing. The Maine Affordable Housing Alliance can draw upon the staff and expertise of the Department of Economic and Community Development which was established, in part, to work with municipalities and which currently has the responsibility for reviewing the comprehensive land use plan of each municipality through its Office of Comprehensive Planning. The Department also administers several programs that provide Community Development Block Grants to municipalities, funds that can be used for housing related needs.

Working together, as the Affordable Housing Partnership ("the Partnership"), the Maine Affordable Housing Alliance and the Maine State Housing Authority will implement the following plan to create affordable housing throughout the state of Maine through a synergy of their efforts.

### III. Program Design

The challenge of the Act is not merely to use the \$11,000,000 allocated to produce affordable housing, but to use the resources in a creative fashion to derive maximum benefit and maximum leverage. Because the Partnership has a variety of resources, it will be able to create housing solutions through a synergy of its housing tools, where a single resource may be ineffective.

Program design must, therefore, consider a wide range of strategies to meet the full spectrum of housing needs. An area with a significant housing shortage might call for the use of every resource of the Affordable Housing Partnership as well as programs of the individual partners. For example, a Housing Opportunity Zone could be established, municipal infrastructure built, and a local non-profit corporation could acquire and develop a subdivision of affordable, single-family homes. Individual homes could then be financed through one of the Maine State Housing Authority's existing home purchase programs using funds raised through the sale of tax-exempt bonds. The leverage could be very significant and greatly multiply the impact of the available resources. Similarly, a single resource could create significant leverage, for example, where land acquisition funds make a Farmers' Home project possible. At the same time, the programs must be flexible enough to address urgent housing needs, even where the leveraging of resources is not possible.

#### IV. The Housing Needs Assessment

The research staff of the Maine State Housing Authority has prepared a comprehensive, regional, assessment of housing needs in Maine entitled Housing Needs in Maine: A Preliminary Assessment. The Needs Assessment examined eleven housing related factors in thirty-one separate Labor Market Areas in Maine to determine the relative need for six separate types of housing assistance. Although such a study can never be said to be final, it is the first comprehensive, statewide study of its kind. As such it a useful tool for the state of Maine to effectively and efficiently allocate its scarce housing resources.

The Needs Assessment, while useful in allocating resources, cannot by itself assure that any particular assistance will be targeted effectively. For a more fine grained analysis, needs must be assessed on a project-by-project basis. On the macro level the Maine State Housing Authority has prepared a statewide "demographic snapshot" of how Maine's citizens fill their housing needs. This survey entitled An Overview of Maine Housing can serve as a model for more specific needs assessments for each project or region. By using the Needs Assessment as a guideline in allocating resources and the Overview to examine specific needs today and to measure our progress in the future, the Affordable Housing Partnership can effectively focus its efforts and allocate its resources. The ability to determine who is having what type of housing problem in what area of the state can insure that these scarce resources are put to use appropriately and are targeted to those areas where they are most needed.

## V. Long-Term and Short-Term Goals and Objectives

Outlined below is the Affordable Housing Partnership's articulation of its long-term and short-term goals and objectives for affordable housing in Maine:

### Long Term Goals:

To assist residents of the State of Maine in securing equal opportunity for the full enjoyment of the following objectives:

1. To reside in or purchase housing which is decent, safe, independently selected, designed and located with reference to their particular needs and available at costs which they can afford;
2. To have available to them a wide range of privately-planned, constructed and operated housing;
3. To have available to them such additional publicly-planned, constructed and operated housing as needed to achieve the purposes of long-term goal number one, and
4. To have available information and educational programs, and to conduct demonstrations of housing programs and techniques.

### Short Term Goal:

1. To coordinate the efforts and resources of local, state and federal agencies, municipalities, non-profit housing corporations and the private sector to develop affordable housing for lower and moderate income households in Maine in conjunction with the resources allocated for this purpose pursuant to the Act.



## VI. Coordination

In order to coordinate the resources of government agencies, municipalities, non-profit housing corporations and the private sector, the Affordable Housing Partnership shall:

1. Create, publish and maintain a Maine Affordable Housing Resource Directory. The Maine Affordable Housing Resource Directory shall be a compilation of every housing resource in Maine, including those of municipalities, local housing alliances, local housing authorities, nonprofit housing corporations, federal agencies, state agencies, regional commissions, educational resources, private sector resources and the resources of state agencies.
2. Assist any eligible party seeking to develop affordable housing for lower and moderate income households in Maine in coordinating any available resources, including those described in the Maine Affordable Housing Resource Directory.
3. Require any eligible party seeking financial assistance pursuant to the Act to utilize all appropriate resources for their housing development efforts.
4. Work jointly, and in consultation with the Affordable Housing Advisory Committee and the Interagency Task Force on Homelessness and Housing Opportunities, to make the best use of the resources provided by the Act and to have the greatest possible impact in addressing the affordable housing needs of Maine people.
5. Conduct the selection process for funding pursuant to the Act as follows:
  - a. In selecting municipalities to receive funds the Maine Affordable Housing Alliance shall include in the selection process one or more representatives from the staff of the Maine State Housing Authority.
  - b. In selecting non-profit housing corporations to receive funds the Maine State Housing Authority shall include in the selection process one or more representatives from the staff of the Maine Affordable Housing Alliance.

In addition the Affordable Housing Partnership may, pursuant to the Act, require any state agency and/or independent state agency to coordinate their resources and activities with those of the Partnership in order to address the affordable housing crisis.

## VII. General Criteria

In accomplishing its long-term goals the Affordable Housing Partnership will consider the following criteria:

1. Housing Need All requests for assistance must document that the project is addressing an identified local housing need.
2. Financial Viability All requests for assistance must demonstrate the long-term financial viability and long-term benefit of the project for which the assistance is being requested.
3. Leverage All requests for assistance must demonstrate that a good faith effort has been made to obtain funds or other non-financial resources from sources other than the Affordable Housing Partnership so as to derive the maximum benefit from the available resources.
4. Financial Need All requests for assistance must demonstrate that a financing "gap" exists and that despite good faith efforts to obtain other resources additional funds are needed for the project to be financially feasible.

### VIII. The Maine Affordable Housing Alliance

The Maine Affordable Housing Alliance was established in order to provide a range of resources to municipalities, in their efforts to expand and preserve the availability of affordable housing.

The Maine Affordable Housing Alliance will assist municipalities in achieving this goal through:

1. Public education. Conducting an active public education campaign on the state and local levels to increase awareness about local housing needs. An understanding of the importance that affordable housing is a local responsibility.
2. Community organizing. Facilitating the organization of local alliances, new coalitions which include local officials, business, community leaders, and nonprofits working together, to address affordable housing needs.
3. Strategic planning. Assisting municipalities in developing a strategic approach to housing development that builds on and is consistent with the housing component of their comprehensive plan. Plans would include improved planning for growth, recognition of regional housing impacts, set-asides for low income populations, more flexible land use regulations and use of local land banks or land trusts.
4. Project implementation. Providing municipalities with low-interest loans and grants and helping them identify local and other resources to assist them in implementing specific housing projects.

IX. Maine Affordable Housing Alliance Advisory Committee

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