

# MAINE STATE LEGISLATURE

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# Maine HOME

## Housing Opportunities for Maine Fund

Report to the Maine Legislature  
on HOME Fund uses 2011-2012



**MaineHousing**  
Maine State Housing Authority

## Contact MaineHousing

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353 Water Street, Augusta, Maine 04330  
(207) 626-4600, 1-800-452-4668,  
TTY 1-800-452-4603, 711 (Maine Relay)

[www.mainehousing.org](http://www.mainehousing.org)

## MaineHousing's Mission and Vision Statements

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### Mission

*The mission of the Maine State Housing Authority is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs. In carrying out this mission, MaineHousing will provide leadership, maximize resources, and promote partnerships to develop and implement sound housing policy.*

### Vision

*Our vision is for Maine to be a state where all people have the opportunity to enjoy decent, safe, affordable housing.*

*To help Maine's low and moderate income people realize this vision, we will:*

*Recognize and respond quickly and thoroughly to the State's urgent housing needs;*

*Seek and make the most effective and efficient use of all resources;*

*Promote, provide and oversee housing, assistance and services meeting individual needs and preferences;*

*Promote understanding of housing issues, provide information and advocacy for our customers;*

*Develop and manage well-designed, quality programs;*

*Maintain financial soundness and safeguard the integrity of all programs and operations;*

*Establish and maintain an environment open to creative ideas and innovative thinking; and*

*Value the contributions of all employees, and of our partners and others with whom we work, and encourage teamwork and participation by all.*



## MaineHousing Administration

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🏠 John Gallagher, Director  
[jgallagher@mainehousing.org](mailto:jgallagher@mainehousing.org)

🏠 Margaret Bean, Deputy Director  
[mbean@mainehousing.org](mailto:mbean@mainehousing.org)

🏠 Peter Merrill, Deputy Director  
[pmerrill@mainehousing.org](mailto:pmerrill@mainehousing.org)

## Board of Commissioners

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🏠 Peter Anastos, Co-founder and Principal at Maine Course Hospitality Group, Freeport

🏠 Adam Bradstreet, Housing Quality Standards Inspector, Waterville Housing Authority

🏠 Donald F. Capoldo, Jr., Executive Director of Plant Memorial Home, Bath

🏠 Neria Douglass, Treasurer of State of Maine

🏠 John Gallagher, Director of MaineHousing

🏠 Donald H. Gean, Executive Director of York County Shelter Programs, Inc.

🏠 Sheryl Gregory, Real Estate Broker with Homestead Realty in Winthrop

🏠 Lincoln J. Merrill, Jr., President and Chief Executive Officer of Patriot Insurance Co., Yarmouth

🏠 Donna Talarico, Vice President, Guaranteed Rate, and self-employed policy consultant

🏠 John C. Turner, Trustee, U.S. Bankruptcy Court

## What is the HOME Fund?

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### History

Maine's Legislature and Governor created the Housing Opportunities for Maine (HOME) Fund in 1983 to provide a flexible financial resource to help MaineHousing address the state's affordable housing needs. Initially it was an appropriation. In 1986, in an effort to make the program permanent by providing a steady revenue source, the Legislature doubled the Real Estate Transfer Tax and dedicated half of the revenues to MaineHousing for use in affordable housing programs.

### Funding Flexibility

MaineHousing's policy has been to use the HOME Fund to meet the most pressing housing needs that cannot be financed with federal housing funds.

Over the past 12 years we have used a significant portion of the HOME Fund to help our most vulnerable population, people who are homeless. We've created affordable permanent or transitional housing, supported emergency shelters, and invested in programs to help these individuals and families be placed on a path to stable housing. These efforts are undertaken in part because of the need, and in part because it is impractical to use most federal housing resources to finance housing for them.

Maine's affordable housing needs change over time, and are tied to market conditions. When mortgage interest rates were high, for example, we used the HOME Fund to reduce rates and provide down payment assistance. In 2009-10, when interest rates were low, we were able to use resources we generated with our revenue bonds to meet the upfront payment requirements. That meant we were able to focus more HOME Fund resources on home repair and energy conservation.

At other times we have used the HOME Fund to finance supportive housing for people with special needs. We also use it to fill critical

## Legislative Mandate

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Title 36, Section 4641-N of the Maine Revised Statutes requires that the *“Maine State Housing Authority shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation by April 1, 1987, and each 2 years thereafter. The report shall cover the 2 prior fiscal years of the authority and shall identify the amount of revenues under this chapter that have been credited to the Housing Opportunities for Maine Fund and the manner in which those funds have been used.”*

## MaineHousing Operations and HOME

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MaineHousing does not use any HOME Fund money for salaries or administrative costs of the agency. The fund's flexibility, however, enables us to use the revenues for a wide variety of housing initiatives that might not otherwise have adequate funding.

The HOME Fund represents a small portion of our overall program funding, yet it plays a critical role because it is not overlyrestricted by program rules. We use it where it is needed most.

funding gaps in the financing of affordable rental housing projects, and to fund initiatives where we have no other funding sources, such as making housing more accessible. We often use it to leverage federal housing resources, such as providing \$1 million to leverage a \$3 million federal grant to make homes safe from lead paint hazards.

### Economic Impact

The HOME Fund helps MaineHousing invest in Maine's economy. We use the HOME Fund to leverage federal housing funds and private bond capital from investors -- close to \$200 million since

2002. Investments in Maine's housing create jobs, from builders and Realtors to homefinishers and landscapers. Job holders spend money, generating sales tax and property tax revenues for the state and municipalities.

Also, some of our initiatives provide affordable housing that working people need. One estimate is that for every housing unit we create, seven jobs are created for at least a year.

### Successes

MaineHousing is grateful for the opportunity to help individuals and families in need, including those who are not homeless but may be struggling with their mortgage payment because of financial hardship brought on by the loss of a job, trying to pay rising heating costs while living in an older home, or wanting to reduce their family's risk of lead poisoning by removing lead-based paint from their homes.

Our efforts pay off. MaineHousing's mortgage foreclosure rate is lower than that of mortgages taken out through other lenders statewide. Weatherization of low-income homes is estimated to save 20-24% in annual fuel costs or \$500 per home per year. And close to 100 more homes now are without lead paint.

### Challenges

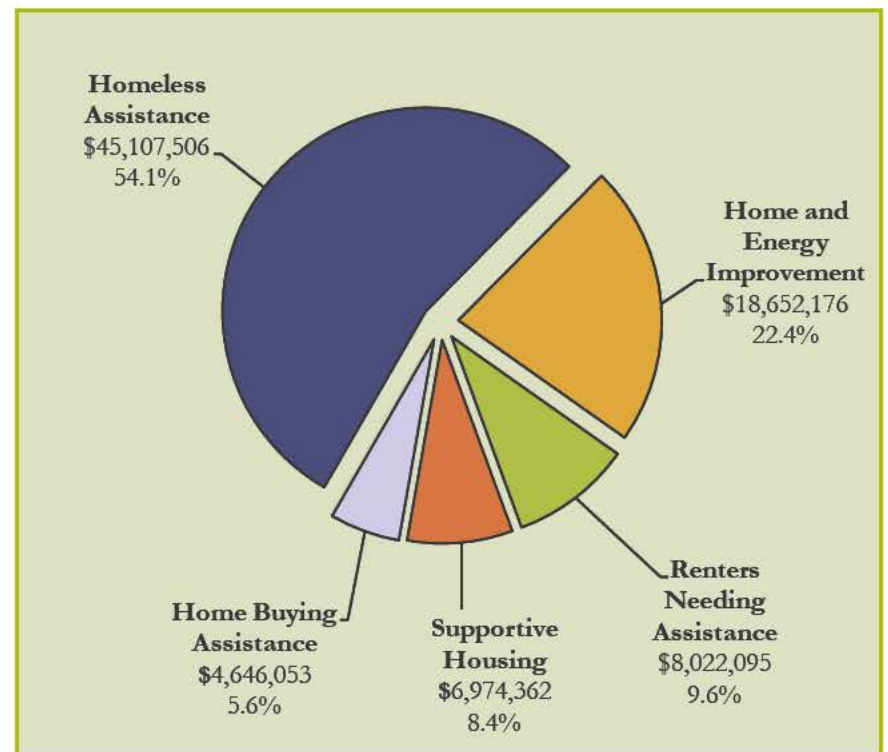
While interest rates remain low, economic conditions in recent years have led to a reduction in the number of home sales, and subsequently a reduction in the real estate transfer tax receipts. While we maintained funding levels for emergency shelters for the homeless, they struggled to assist nearly 1,500 more individuals.

We're optimistic about the future. Home sales are going up, and we continue to work hard to promote this program's economic and value to Maine. We hope you see the value, too.

## Real Estate Transfer Tax Receipts to MaineHousing 2002 – 2012

🏠 2002: \$11,072,552	🏠 2008: \$ 5,839,122
🏠 2003: \$ 2,756,562	🏠 2009: \$ 1,477,925
🏠 2004: \$ 6,482,862	🏠 2010: \$ 5,254,396
🏠 2005: \$ 8,881,845	🏠 2011: \$ 4,794,680
🏠 2006: \$ 8,895,365	🏠 2012: \$ 5,143,560
🏠 2007: \$ 8,897,158	

## HOME Fund Expenditures by Program Area 2002 – 2012



## HOME Fund Investments: 2011 – 2012

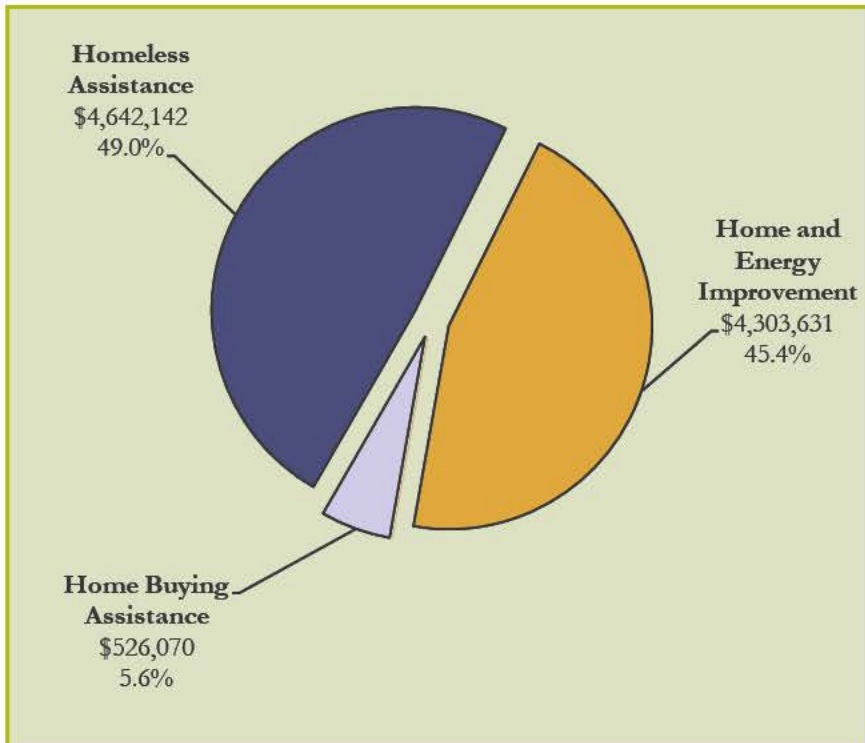
Program Area	Program Description	HOME Fund Investment 2011	HOME Fund Investment 2012	Households / Units Served 2011-2012	Leveraged or Matching Funds
<b>Home Buying Assistance</b>					
Maine HOPE Program	Defers up to four mortgage payments for MaineHousing borrowers who lose their jobs.	\$221,873	\$146,192	118 households	\$11,758,720
Family Development Accounts <sup>1</sup>	Money used to match a low-income family's savings, used for down payment on a home.	\$150,000	n/a	85	\$89,023
Foreclosure Prevention	Funds for one-on-one foreclosure prevention counseling services.	n/a	\$8,005	110 clients	\$0
<b>Home Improvement</b>					
Lead Hazard Control Program	Match money for a federal grant that removes lead poisoning threats from homes with lead-based paint.	\$521,881	\$10,789	99 households	\$493,000
Home Repair Program	Home repair program for low-income homeowners.	\$204,387	\$280,832	123 households	\$2,088 - partial data
Home Retro Program	Accessibility improvements for people with physical disabilities.	\$358,193	\$0	28 households	\$0
<b>Energy Assistance</b>					
Weatherization Supplemental Repair Program	For weatherization measures or repairs necessary to make weatherization effective or allow it to occur.	\$1,545,642	\$1,381,907	687 households	n/a
<b>Homeless Assistance</b>					
Funds to Supplement SOS	Supplemental funds for the Shelter Operating Subsidy Program (SOS) for emergency shelters.	\$1,860,000	\$1,900,000	15,514 homeless individuals - 627,565 bednights in 2011-12	\$4,280,000
Stable Lives Demonstration Program	One-year demonstration project to determine the impact on people experiencing homelessness when there is an integrated array of services and support in place to meet their health, housing, employment, and other basic needs.	n/a	\$127,678	409 homeless individuals	\$145,822
Homeless Development Projects	Financing construction of permanent or transitional housing for people who are homeless.	\$754,464	n/a	10 units	\$532,790
<b>Totals</b>					
		<b>\$5,616,440</b>	<b>\$3,855,403</b>	<b>17,183</b>	<b>\$17,299,355</b>

"n/a" means non-applicable.

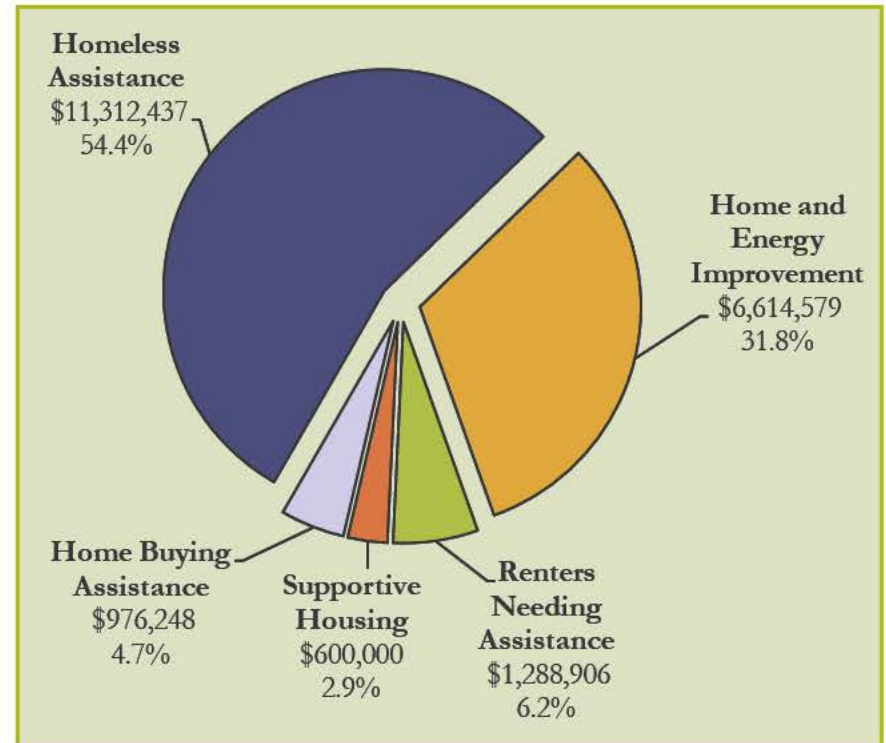
<sup>1</sup>MaineHousing contributes funds which are used as a 4-to-1 match dollars saved by low income households saving for down payment for a home.

## Two Program-Period Comparison: HOME Fund Expenditures by Program Area

2011 – 2012



2009 – 2010



### HOME Fund Uses

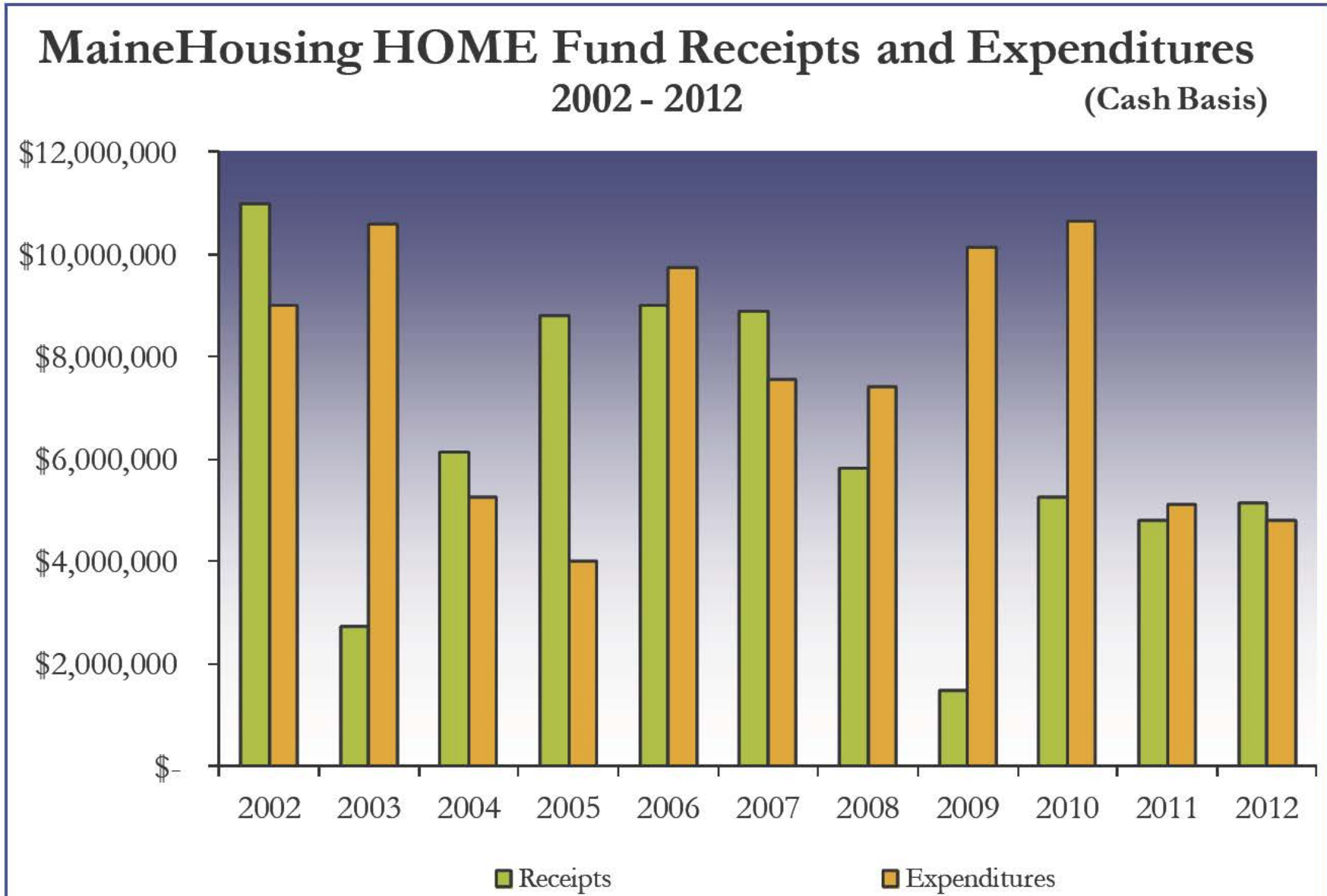
MaineHousing uses the HOME Fund to leverage federal housing funds and private bond capital from investors, and uses the revenue to serve our most vulnerable residents. This comparison shows where we have used HOME Fund money in 2011-2012 in comparison to 2009-2010 for such things as:

- 🏠 Supporting Maine's network of emergency shelters
- 🏠 Preventing homelessness
- 🏠 Providing supportive housing
- 🏠 Making homes safe from lead paint hazards

- 🏠 Repairing homes of low-income residents
- 🏠 Replacing old, unsafe mobile homes
- 🏠 Keeping seniors safe and warm in their homes
- 🏠 Funding accessibility improvements
- 🏠 Filling funding gaps in affordable rental developments.

In 2013-2014, MaineHousing will apply HOME Fund revenues in the same manner as it has in the past — in the affordable housing and service areas that need it the most.

HOME Fund Revenue and Expenses\*  
2002 – 2012



\* 2009-10 show high levels of expenditures because several affordable rental developments were completed. We committed HOME Fund money to these developments in earlier years, when we approved the housing, but we did not actually spend the HOME Fund money until the housing was being completed.





353 Water Street, Augusta, Maine 04330  
1-800-452-4668, TTY 1-800-452-4603

[www.mainehousing.org](http://www.mainehousing.org)

For more information,  
contact Director John Gallagher  
or Deputy Director Peter Merrill  
207-626-4608

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