

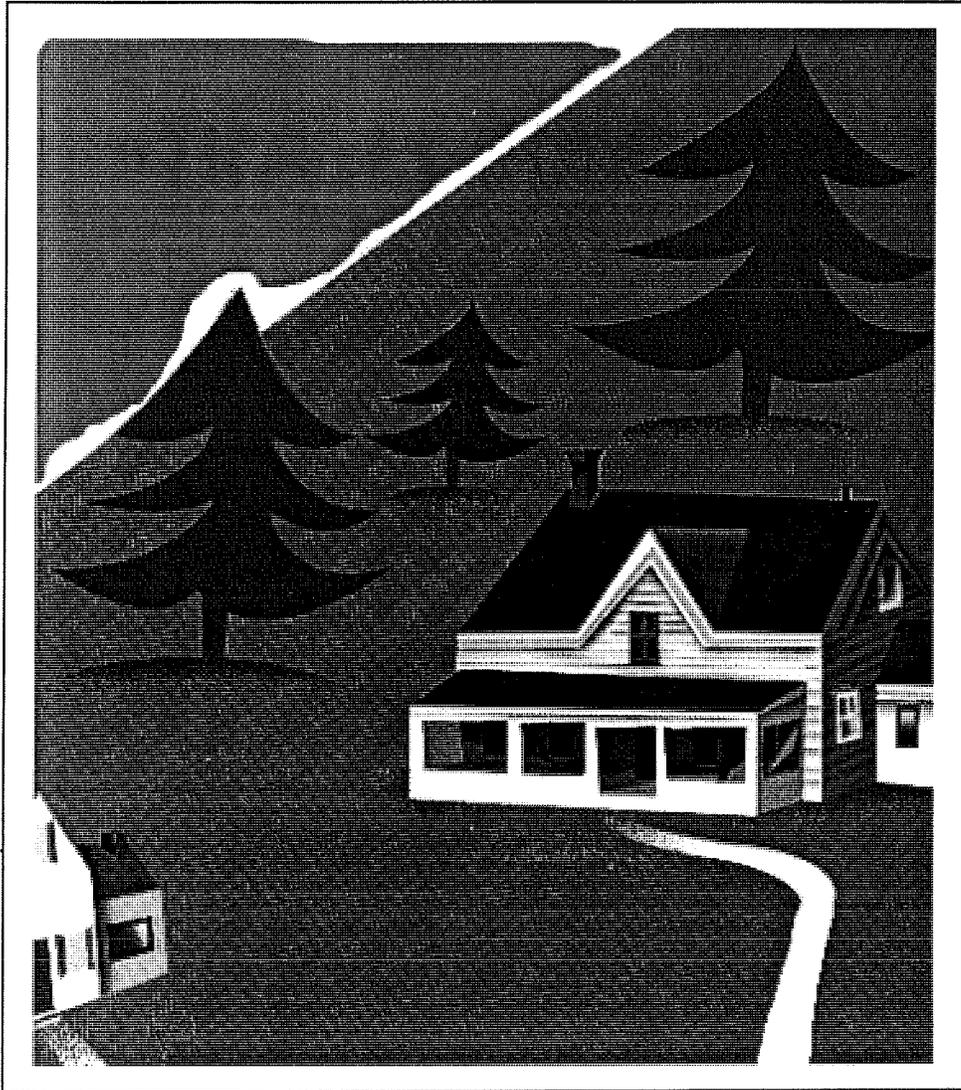
# MAINE STATE LEGISLATURE

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# STRATEGIC PLAN 1997



**MSHA**  
MAINE STATE HOUSING AUTHORITY

## 1997 MSHA Board of Commissioners:

-  David Lakari, Director of MSHA, Chairman
-  Elsie Morris, retired
-  Donald Plourde, owner of Mark Stimson Network/Plourde Real Estate Agency, Waterville
-  Nathan Smith, partner in the law firm of Bernstein, Shur, Sawyer and Nelson, Portland
-  Jane Roundy, Senior Vice-President, Corporate Lending, Key Bank of Maine
-  Dale McCormick, Treasurer, State of Maine
-  Dennis King, President, Acadia Hospital, Bangor

## Members 1997 MSHA Strategic Planning Committee:

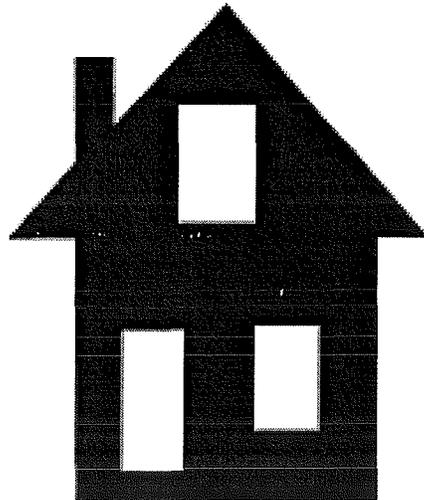
MSHA would like to extend a special thanks to the following committee members, whose hard work and diligence made this Strategic Plan possible:



Dana Totman, Deputy Director, Maine State Housing Authority  
Maureen Brown, Rental Assistance Manager, Maine State Housing Authority  
Robert Cameron, Representative, Maine State House of Representatives  
Thomas Cary, Treasurer, Maine State Housing Authority  
Richard Davies, President, Public Policy Associates  
Carol Dudley, Senior Program Officer, Maine State Housing Authority  
Fenwick Fowler, Executive Director, Western Maine Community Action Program  
David Gleason, Coldwell Banker Gleason Real Estate  
Carol Kontos, Assistant Majority Leader, Maine State House of Representatives  
Arthur Markos, President, Gardiner Savings Bank  
Elsie Morris, Commissioner, Maine State Housing Authority  
Laurie Murray, Senior Program Officer, Maine State Housing Authority

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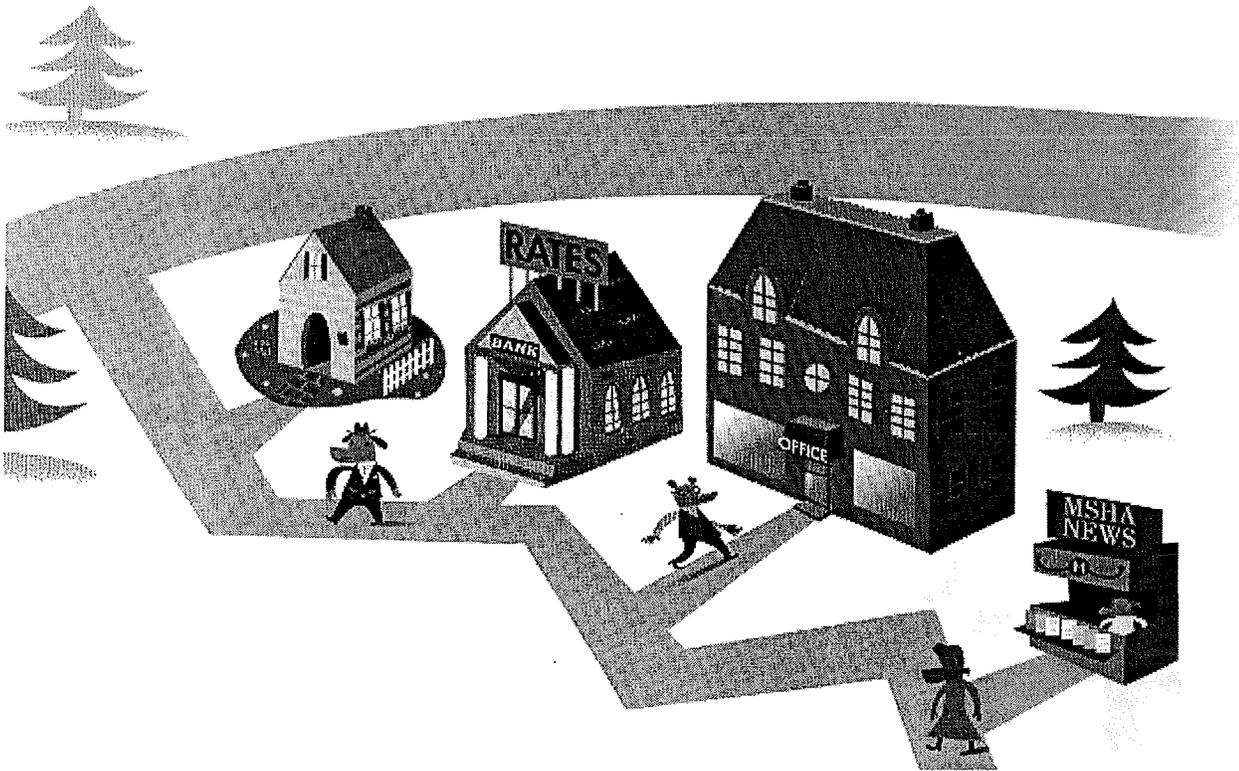




# MISSION STATEMENT

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, MSHA will provide leadership, maximize resources, and promote partnerships to develop and implement sound housing policy.*



## EXECUTIVE SUMMARY

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*In its role as a primary state housing provider, MSHA will present its programs as a "continuum of housing options."*

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**Goal 1 - A Continuum of Housing:** MSHA will provide a continuum of housing that links our customers to a variety of options, as they move to higher levels of self sufficiency and independence. In its role as a primary state housing provider, MSHA will present its programs as a "continuum of housing options." Customers entering our programs will be made aware of housing options along this entire continuum. MSHA will work with our external partners to ensure that services needed to assist customers towards self sufficiency will be linked to housing, when appropriate. Internally, MSHA will work to ensure that the continuum is linked across divisions.

**Goal 2 - Decision Making Processes and Systems:** MSHA will improve its effectiveness and efficiency by dedicating significant energy and resources to improving internal systems and processes. The 1995 Strategic Plan stressed improved management efficiencies. Through its recommendations, quality management, technology improvements, a formal allocation and needs assessment process and program and personnel evaluations were put in place. Our short term success in implementing these changes requires that we continue to improve the quality of management in the long term. With greater improvements, MSHA now knows that it can stretch limited resources further. This will be critical in the face of declining resources. The benchmarks to be used for this goal will be our partners' and staff's evaluation of how we are doing as an agency.

**Goal 3 - Program Design:** MSHA will improve the design and delivery of programs and services. Program design requires a predictable structure ensuring the use of needs data and the input of our staff, partners and customers. The objectives and strategies describe how that process will work and establish a series of guidelines to be followed when examining new or old programs. Program design depends greatly on evaluation, which ensures that the program will do what it set out to accomplish. Hence, design must clearly identify the needs of the customer and role of the partner to make the most efficient use of scarce resources. In the use of scarce resources, program design will use the 1997 Strategic Plan, the Consolidated Plan and appropriate needs assessments to guide the allocation process.

**Goal 4 - MSHA Program Focus:** MSHA will ensure that programs remain appropriately linked to its mission and strategic plan. Program focus will link programs to this plan and the five priority population groups: first time homebuyer, cost burdened homeowner, cost burdened renter, special needs populations and the homeless. In contrast to program design, program focus describes population groups in terms of need and relates need to the market.

Program focus describes who the program is intended to serve. Utilizing this philosophy, the Board of Commissioners will be charged with an annual allocation process to serve the most needy citizens of Maine with appropriate housing programs.

This goal also identifies the most important housing priorities for MSHA, including homeownership options and rehabilitation. As a direct result of Maine's older housing stock and a five year projection of slow growth, it is also recommended that we continue to focus on the rehabilitation of all forms of housing that serve low income citizens.

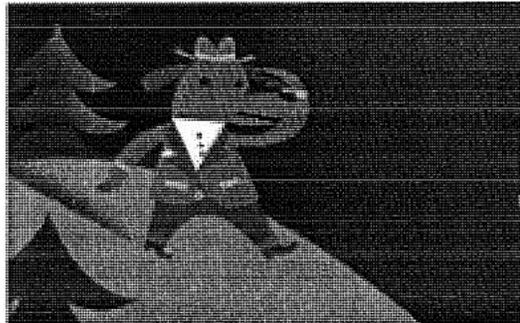
**Goal 5 - The Maine State Housing Authority will serve as the primary state entity to address the housing needs of low income citizens.** MSHA believes its role should be to act as the primary housing finance provider in the State of Maine. Given MSHA's expertise in housing development and access to financial resources, MSHA will work to meet the housing needs of all five priority population groups while coordinating with other state agencies to provide appropriate services. While facilitating service provision, MSHA will also work to expand private and non-profit development capacity to assist us to make the best use of limited resources.

**Goal 6 - Maintain and develop new subsidy resources to replace those being lost through state or federal budget reductions.** We work today in an era of shrinking resources. MSHA will advocate for the maintenance and expansion of existing financial resources. Shrinking resources put greater pressure on meeting present and expanding needs. MSHA shall make use of the tools it has available to maintain its subsidy resource base. Specifically, it will focus on expiring Section 8 project based rental assistance, the State Real Estate Transfer Tax and the expansion of our bond capacity. Our success in this endeavor will be measured in the maintenance of and increase in our subsidy resource base.

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***M**SHA believes its role should be to act as the primary housing finance provider in the State of Maine.*

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# INTRODUCTION



Two years have passed since the Housing Authority adopted its most recent Strategic Plan. During that time, quality management was introduced and implemented. Constraints in resources became more pronounced, with a number of programs eliminated or streamlined to stretch our resources. The focus on MSHA customers and partners has improved dramatically.

During this period, MSHA identified five "Priority Populations." They are cost burdened renters, cost burdened homeowners, first time homebuyers, individuals with special needs and homeless people. Needs analysis became an integral part of an annual financial allocation process to analyze the five groups and target the greatest need. The implementation of the allocation process was in turn measured through a new production system.

In the future, MSHA must balance the need for a broad housing policy serving multiple population groups with ever increasing pressure on scarce financial resources. Within this balance lies the need to shift programs with changes in Maine's regional economy.

This Strategic Plan is also an effort to describe how we, the primary housing arm of State government, provide housing to low and moderate income citizens of Maine. The plan will show how we will continue to improve the quality of program design and delivery. As an update, this plan will also reiterate themes expressed in the 1995 plan.

The plan is broken down into six primary components. An update of the historical section includes goals and needs identified in 1997. In a change from the last plan, our accomplishments are presented. This is followed by the goals and objectives set out in this update. The plan concludes with a summary of partner survey findings.

*A Shift in Culture: The Quality Cycle and MSHA's Partners and Customers.* The 1995 Strategic Plan was an important catalyst to a shift in culture at the Maine State Housing Authority. With it came a new focus on customer and partner identification and satisfaction. At the same time, staff worked to improve upon its quality management system. Both efforts were focused on relating system and process to the people we serve: the low and moderate income residents of Maine.

MSHA provides a broad range of housing programs and coordination for services to thousands of Maine people. For purposes of definition, those low and moderate income people who are the ultimate beneficiaries of MSHA programs are described throughout this report as customers. Several of our customer groups, including

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*In the future, MSHA must balance the need for a broad housing policy serving multiple population groups with ever increasing pressure on scarce financial resources.*

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tenant based rental assistance recipients, homeless and first time homebuyers were surveyed in advance of or for this process.

MSHA depends upon a network of hundreds of individuals, firms and agencies in the public and private sectors of the State's economy to deliver its programs and services. **Those in the network are described throughout this report as partners.** They include Community Action Program (CAP) agencies, real estate professionals, multi-family housing owners and managers, public housing authorities, lenders, for and non-profit developers, and agencies serving people with special needs.

MSHA's partners and customers were significantly represented in the strategic planning process. They were represented on the Committee, participated in informal and formal discussions held by MSHA over two years, and were once again surveyed for this update. Dozens of lenders, developers, legislators and Realtors responded to surveys, with all comments presented to the Committee. The survey report for these groups is found at the end of this Plan.

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*M*SHA's partners and customers were significantly represented in the strategic planning process.

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Throughout the year, MSHA's partners and customers are involved through what the Quality Guidance Committee has called the "Quality Cycle." The cycle evolved from the need to adapt a quality management philosophy that fits the needs and personality of MSHA. The cycle is a process and philosophy designed to relate this plan with the day to day planning and management of agency programs.

*Financial Resources.* The term *subsidy resource* is used throughout this plan. Subsidy resources are those dollars that MSHA receives through state and federal sources that are relatively flexible to use in the delivery of housing programs. Typically, the availability of these resources is volatile and dependent upon the political process. Subsidy resources, however, are critical to MSHA's program in that they leverage other resources, combining with bond resources to lower the cost of housing development. The lower costs are passed on to low income citizens. Examples of subsidy resources include the State HOME funds derived from the Maine Real Estate Transfer Tax, the Federal Home block grant, and the Federal Low Income Tax Credit.

MSHA's other financial resources include Mortgage Revenue Bonds, 501(c)(3) tax-exempt Bonds, and Taxable Bonds. Bonds are sold to raise revenue for MSHA. MSHA combines the bond revenue with subsidy resources to lower the interest rate that can then be offered to low income citizens.

Subsidy resources are grants which, unlike bonds, do not need to be paid back. While there are no restrictions in the State HOME funds, the federal sources tend to have various income and performance restrictions.



MSHA works to obtain the greatest benefit per household for each subsidy resource dollar at the least amount of cost. This approach allows us to extend our resources further to serve a greater variety of low income citizens.

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***M**SHA works to obtain the greatest benefit per household for each subsidy resource dollar at the least amount of cost.*

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# OBJECTIVES FOR THE STRATEGIC PLAN UPDATE: 1997

*Objectives of the Strategic Plan Process: 1995.* In commissioning the strategic planning process of 1995, MSHA Director David Lakari established the following objectives:

- Identify the major housing issues on which MSHA should concentrate.
- Create a process to ensure that MSHA continues to respond to the housing needs in Maine. The plan must be able to sustain itself through almost certain frequent changes in leadership of the Authority.
- Ensure an agency culture at MSHA that fosters and encourages teamwork, collaborative decision making, and contribution to the agency's goals by all members of the staff and Commissioners.
- Develop a true partnership relationship with those institutions, individuals and enterprises upon whom the Authority depends to deliver many of its programs and services.

*Objectives of the Strategic Plan Update: 1997.* The following additional objectives were identified by the director for the Committee to focus on in 1997:

- Address the requirements of the State Strategic Plan process including Performance Budget requirements.
- Describe our resource allocation process in greater detail.
- Link the Strategic Plan to the HUD required Consolidated Plan and MSHA's annual allocation process.
- Address our need to coordinate activities with other State Departments as we work to tie housing to other state services and activity.
- Address the reaction of our partners and customers to the changes occurring since the 1995 Plan.

*The Process for the 1997 Update.* To achieve these objectives, the Committee chose to meet three times, over a three month period. The three meetings looked at the following components:

1. The existing plan and its accomplishments. The Committee reviewed the existing plan and then developed a summary of MSHA's performance in contrast to the existing plan. Partners and customers were once again surveyed for input. This assessment was followed by a closer look

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***E**nsure an agency culture at MSHA that fosters and encourages teamwork, collaborative decision making, and contribution to the agency's goals by all members of the staff and Commissioners.*

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*The Strategic Plan will be shared with MSHA staff, partners and customers.*

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- at the priority population group, the annual needs assessment, and the allocation process.
2. Division and Program Review: an identification of issues. The Committee met with MSHA Division Directors, reviewing programs and needs. Focus turned to immediate issues to be addressed in this update.
  3. Review, Comment and Approve: The Strategic Plan Update. Using comments developed from prior meetings, a draft Strategic Plan update was reviewed, analyzed, modified, and approved by the Committee.
  4. Sharing. The Strategic Plan will be shared with MSHA staff, partners and customers. The final plan will be reviewed and approved by MSHA's senior staff and Board of Commissioners.



# THE PAST 25 YEARS: AN HISTORICAL SUMMARY

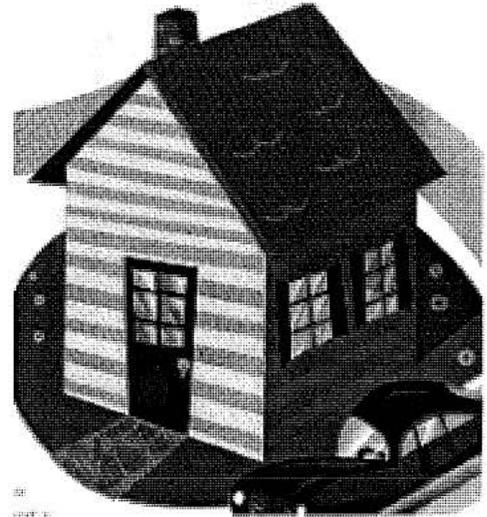
The Maine State Housing Authority (MSHA) was created in 1969 by the Maine Legislature to confront a wide range of housing challenges. The legislative objectives include:

- That the residents of the State of Maine be able 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;
- That the residents of the State of Maine be able to have available to them a wide range of privately planned, constructed and operated housing;
- That the residents of the State of Maine be able to have available to them such additional publicly planned, constructed and operated housing as is needed to achieve these purposes;
- That the residents of the State of Maine be able to have available from financial institutions, in addition to their usual resources for home construction, mortgages and notes, additional resources and assistance as may be provided by the Maine State Housing Authority; and
- That the residents of the State of Maine be able to obtain available information and education programs, as well as demonstrations of housing programs and development techniques.

The Legislature mandated that the Authority be governed by a board of seven commissioners, six of who are appointed by the Governor. The seventh commissioner is the Treasurer of State who serves *ex-officio*. The governor also appoints the Director of the Authority who also serves *ex-officio*, and is chairperson of the Commissioners.

The five gubernatorial appointments must include representatives of bankers and of low-income or elderly people. One commissioner must be a resident of housing subsidized by programs of the United States Department of Housing and Urban Development or of the Maine State Housing Authority.

In its twenty-five year history MSHA has become the leading provider of housing assistance to the State's very low and moderate in-



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*In its twenty-five year history MSHA has become the leading provider of housing assistance to the State's very low and moderate income populations.*

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**M**SHA's total assets, represented largely by low rate mortgages and what we presently call scarce resources are focused on serving five priority population groups: first time homebuyer, cost burdened homeowner, cost burdened renter, special needs populations and the homeless.

come populations. The Authority has been very successful in fulfilling the intent of the Legislature.

Thousands of low and moderate income Mainers have realized homeownership through the opportunity to borrow moneys at rates made affordable through MSHA's first-time homebuyer program. Thousands each year are assisted in maintaining their homes through the use of rehabilitation and energy assistance funds. Thousands more Maine people are housed in safe, affordable rental housing available through the creative allocation of financial resources to developers who build and maintain their properties according to MSHA standards.

The 1995 Strategic Plan required that MSHA establish a needs assessment and allocation process that links funding decisions to the Mission Statement and the people we serve. The needs assessment assists the agency in linking resources to the population groups that are most needy. To measure the success in making those links, a goal setting process was put in place. MSHA can now describe the people we serve in terms of our performance to meet their needs. The goals for 1996 and 1997 are:

**MSHA PRODUCTION GOALS: 1996-1997**

	1996 Goal	1996 Actual	1997 Goal
<b>HOMEBUYERS</b>			
Mortgages Purchased (without Down Home)	1,900	1,981	1,525
Mortgages Purchased (with Down Home)	100	95	400
Very Low Income Mortgages Purchased			75
Total Mortgages Purchased	2,000	2,076	2,000
<b>EXISTING HOMEOWNERS</b>			
FIX ME Loans Purchased	1,136	1,261	1,300
Homes Weatherized	2,000	2,114	1,700
<b>PERSONS WITH SPECIAL NEEDS</b>			
Units/Beds Closed	100	103	165
<b>HOMELESS SERVED - BEDNIGHTS</b>	150,000	168,000	140,000
<b>COST BURDENED RENTERS</b>			
New </= 50% AMI Rental Units	110	148	100
New 51% - 60% AMI Rental Units	100	128	145

MSHA's total assets, represented largely by low rate mortgages and what we presently call scarce subsidy resources are focused on serving five priority population groups: first time homebuyer, cost burdened homeowner, cost burdened renter, special needs populations and the homeless. These resources, on an annual basis, fail to meet the

growing housing needs of Maine's low income citizens. The 1997 Annual Needs Assessment (Consolidated Plan) points to the following needs:

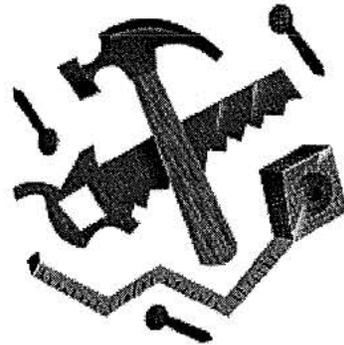
Cost Burdened Renters: There exist 47,610 cost burdened rental households, up from 34,702 in 1990. When contrasted with the total existing subsidized rental units in Maine, data suggests an affordable housing need of roughly 12,000 rental units in Maine. Half of the renter families are severely cost burdened.

Cost Burdened Homeowners: A total of 53,875 cost burdened owner households, representing 16% of the total owner stock and 11% of the total housing stock, have difficulty maintaining their homes due to limited income and substandard conditions. The total number of cost burdened homeowners increased by 7,619 households between 1990 and 1996 (16%), a rate much greater than our overall growth rate of 1.2%.

First Time Homebuyers: The total potential pool to draw new homeowners from is roughly 100,000. From MSHA's public purpose perspective and recognizing scarce resources, the primary pool from which to create new ownership is the pool of households between 51% and 100% of median income, or 44,070 households.

Homeless Population: Bednights (the number of total beds used during the year) increased from 118,000 to 142,000 during a one year period. In December of 1996, just over 51% of the shelter guests reported having substance abuse or mental illness issues.

Special Needs Populations: There exist over 3,200 mental health class members, with 1,400 needing housing. There are 4,000 persons with mental disabilities needing housing and 27,017 persons with physical disabilities needing housing assistance or modifications. There are 1,279 children with special needs needing housing and 67,538 households with someone 64 or older and making less than median income.



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*The total number of cost burdened homeowners increased by 7,619 households between 1990 and 1996 (16%), a rate much greater than our overall growth rate of 1.2%.*

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# STRATEGIC PLAN

## ACCOMPLISHMENTS: 1995-1997



*Accomplishments: 1995-1997.* The Committee first began an assessment of the past plan by comparing MSHA activities with the goals it set for itself in 1995. The purpose of this exercise was to clearly articulate achievements over the last two years, identify what additional work was needed and how that work might be implemented. The following demonstrates accomplishments by the five goals identified in the 1995 Strategic Plan.

**Goal 1 - Decision Making Processes and Systems: MSHA will improve its effectiveness and efficiency by dedicating significant energy and resources to improving internal systems and processes.**

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*The purpose of this exercise was to clearly articulate achievements over the last two years, identify what additional work was needed and how that work might be implemented.*

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- Three full day seminars for all MSHA staff occur each year.
- Established the role of Executive Committee as a leadership group serving to advise the Director and ensuring the evolution of quality management through the Quality Guidance Committee as the primary forum for management innovation and improvement.
- Regularly scheduled meetings for all divisions.
- The regular production of internal and external newsletters, as well as special reports and the Director's weekly report to the Governor, to keep staff, partners and customers well informed.
- Inter and intra-divisional study teams.
- MSHA's building is now decorated with illustrations highlighting the people we serve.
- Suggestion box and staff surveys were installed.
- A cultural shift lead to greater interaction in general, including use of technology to share minutes, agendas and other information.
- Implementation of technology.
- Eliminated red tape by working with our partners (Purchase PAT, shelter process, FIX ME process, FINCO processing improvements, consolidation of services).
- Expanded written policies including the processing guide, investment policies and the rule-making process changes.

## Goal 2 - Program Design: MSHA will take action to improve the design and delivery of programs and services.

- MSHA used forums with partners (lenders, homeless providers, CAPs, developers, etc.) to gather input on program design and delivery.
- Adopted strategic planning at the division level to carry out division goals and objectives.
- MSHA used surveys of new homeowners, supportive housing, voucher recipients, and homeless to gather design and delivery information.
- MSHA worked to maintain program consistency through the allocation process and Executive Committee.
- Program design (and focus) became driven by low income customers and their needs.
- Increased partner involvement (e.g. first time homebuyer improvements, homeless grant, fuel assistance process, use of partners in scoring RFPs).
- Analyzed customer demand provided a scarce resource maximum benefit analysis, as the cost per unit or person of subsidy gained importance.
- Geographic assessments brought attention to regional disparities such as adjustments to fair market rents, median sales prices and income relationships and differences in housing stock.
- Eliminated red tape by working with our partners (purchase team, shelter process, FIX ME process) to identify work not needed to serve the customer.
- Developed a process to be used in conjunction with program evaluations to identify those who are most needy.



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*MSHA moved to fill gaps (e.g., homeless grant process, Keeping Seniors Home and allocation of resources) identified through the needs analysis and discussion with partners and customers.*

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## Goal 3 - MSHA Program Focus: MSHA will take action to ensure that programs remain appropriately linked to its mission and strategic plan.

- Conducted biennial review of programs to assure that the program is delivered effectively and is meeting the needs of the customer.
- Eliminated programs that were not effective or were an inefficient use of dollars and simplification of remaining programs.
- Provided greater scrutiny over scarce resources—the allocation process, the needs of the five population groups and analysis of benefits.
- Conducted an annual needs assessment.
- Rehabilitated existing housing structures: FIX ME.
- MSHA moved to fill gaps (e.g., homeless grant process, Keeping Seniors Home and allocation of resources) identified through the needs analysis and discussion with partners and customers.

**Goal 4 - Low Income Homeownership: MSHA will work to provide meaningful homeownership opportunities for low and very low income families in Maine.**

- Introduced the Down Home Program.
- Surveyed buyers and marketing changes based on survey results.
- Provided lenders incentives.
- Changed the servicing program to increase efficiency.
- Increased training and meetings with lenders and Real estate professionals.
- Expanded use of marketing and public relations to assist us and our partners.

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**T**he Interagency Task Force on Homelessness and Housing Opportunities was re-constituted to focus on roles and service provision.

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**Goal 5 - Advocacy and Direct Service: Investigate and develop an appropriate role for MSHA in the provision of services for low income housing customers and advocating on their behalf.**

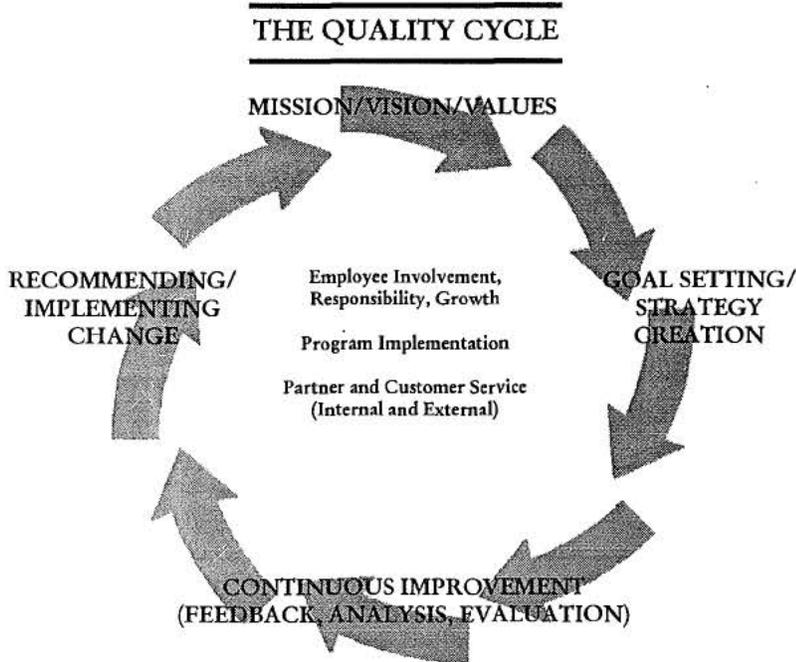
- The Interagency Task Force on Homelessness and Housing Opportunities was re-constituted to focus on roles and service provision.
- Held supportive housing focus groups and developed recommendations.
- Continued Consumer Hot Line.
- Outsourced the Family Self-Sufficiency program with further work planned for the evolution of tenant assistance in subsidized housing projects.



# GOALS, OBJECTIVES, AND STRATEGIES

**Committee Findings and Recommendations.** In the 1995 Strategic Plan, the Committee focused on what the Authority does, the processes it employs in meeting its mission and in defining benchmarks or results from those activities. The 1997 Committee concluded that many of the goals, objectives, and benchmarks were achieved. The Committee found that some goals needed greater detail or greater flexibility to adjust to short term shifts in the economy. The Committee also noted that some goals and objectives be retained to *maintain* the direction established by MSHA management.

MSHA's strategic plan format must change to meet legislative requirements of state performance budgeting. This format change is easily addressed, given MSHA's move to implement quality management. MSHA's quality management program is described in terms of the Quality Cycle:



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*The 1997 Committee concluded that many of the goals, objectives, and benchmarks were achieved.*

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Goal 1



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*Ultimately, those moving to higher levels of self sufficiency will free their housing units for those who most need it, creating new supply.*

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The Mission Statement drives the direction of the agency. The goals and objectives of this strategic plan guide MSHA's program design and delivery process. Program evaluation and analysis are conducted to ensure that our benchmarks are being met. The evaluation material is used to recommend changes, many of which led to changes in this plan. The hierarchy of goals to benchmarks is defined below:

- **Goals:** Goals represent broad policy statements that are, by their nature, worthy of achievement. The goals of MSHA carry out our mission, vision and values statement.
- **Objectives:** Objectives are statements that can be described through measurable benchmarks. Objectives serve to provide direction in meeting the goals of the agency.
- **Strategies:** Strategies reflect the actions which MSHA believes must be taken to achieve goals and objectives.
- **Benchmarks:** Benchmarks are the measurement by which MSHA will evaluate our success. Benchmarks measure results in serving low income households.

**Goal 1 - A Continuum of Housing: Provide a continuum of housing that links our customers to a variety of options, as they move to higher levels of self sufficiency and independence.**

*Summary.* In its role as the primary state housing provider, MSHA describes its programs as a "continuum of housing options." Customers entering our programs will be aware of housing options along this entire continuum. MSHA will work with our external partners to ensure that services needed to assist customers towards self sufficiency will be linked to housing, when appropriate. Internally, MSHA will work to ensure that the continuum is linked across divisions. Ultimately, those moving to higher levels of self sufficiency will free their housing units for those who most need it, creating new supply.

*Objective 1:* Describe and communicate with our customers and external partners the continuum of housing programs provided by the Maine State Housing Authority.

*Strategies:*

- A. Provide a description of the continuum of housing available at MSHA and update that description as necessary.
- B. Ensure customer awareness of an array of housing options available at MSHA and what is required to move to each one.
- C. Through survey techniques, identify households in our Section 8 and transitional housing programs in-

terested in moving to increasingly independent housing.

- D. Working with partners, develop an understanding of the training and services needed to assist those as they move up and through our continuum of housing. Through MSHA's partners, provide training and services that can lead to housing self sufficiency and independence.
- E. Encourage partners to assist customers in moving through the continuum of housing provided by MSHA.

**Objective 2:** Create an internal system that ensures that divisions are aware of and can describe the array of housing options available at MSHA.

*Strategies:*

- A. Provide for cross training that familiarizes all levels of staff with the variety of housing programs available at MSHA.
- B. Develop information packets that can be distributed through staff contact to our partners and customers about the continuum.
- C. Ensure that MSHA media give attention to the continuum of housing program.
- D. Provide, during program design, that the customers' needs to obtain housing self sufficiency are addressed and implemented.

**Goal 1 Benchmarks:**

- All staff will be cross trained in the programs of all divisions.
- A description of the continuum of housing at MSHA will be developed and published.
- Develop an evaluation system that measures the level of success of individuals moving through the housing continuum.

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Goal 1

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*Provide for cross training that familiarizes all levels of staff with the variety of housing programs available at MSHA.*

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Goal 2

**Goal 2 - Decision Making Processes and Systems: MSHA will improve its effectiveness and efficiency by dedicating significant energy and resources to improving internal systems and processes.**

*Summary.* The 1995 Strategic Plan stressed improved management efficiencies. Through its recommendations, quality management, technology improvements, a formal allocation and needs assessment process and program and personnel evaluations were put in place. We will continue to improve the quality of management in the long term. With greater improvements, MSHA can stretch limited resources further. This is critical in the face of declining resources. The benchmarks to be used for this goal will be our partners' and staff's evaluation of how we are doing as an agency.

*Objective 1:* Maintain an environment of collaborative decision making, fully implementing MSHA's quality management system.

*Strategies:*

- A. For all employees, communicate goals, decisions and rationale for decisions on a regular basis through technology, newsletters and team communications.
- B. Continue the system of staff meetings, team study groups and interdivision information sharing, including the general distribution of all agency minutes.
- C. Continue the use of two or three annual all-staff day meetings to permit open communication, create cordial working relationships, provide new training opportunities, identify key housing needs, and provide opportunities for review of each division's program.
- D. Utilize the quality management system to "smooth" the pressures often associated with changes in the Director.
- E. Utilize the Quality Guidance Committee to assist all levels of the agency in implementing MSHA quality management standards. Implement through continued research, critique, and training in effective management tools.
- F. Implement the quality cycle at all agency levels as a means of relating activity and activity results to mission.



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**W**ith greater improvements, MSHA can stretch limited resources further. This is critical in the face of declining resources.

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*Objective 2:* Formalize the leadership role of the Executive Committee in serving the Director as the primary advisory body in making decisions related to allocations, program approval and personnel policies.

*Strategies:*

- A. Continue to meet on a regular basis to provide a forum for reviewing critical policy areas and direction for MSHA.
- B. Charge the Executive Committee with the biannual review and allocation of scarce resources by population need and per capita benefit.
- C. Utilize the Executive Committee to report on divisional activities and reinforce interdivisional team work.

*Objective 3:* Recognize and nurture the personal responsibility and ability of the employee in meeting MSHA's goals and objectives.

*Strategies:*

- A. Encourage employee involvement at all levels of program design and delivery.
- B. Provide a clear and interactive employee evaluation process related to program policies and design.
- C. Provide a clear and interactive employee evaluation process related to employee performance, providing agency wide and personal direction for ways to improve.
- D. Facilitate and encourage opportunities for staff members to visit MSHA projects and experience the results of their efforts.
- E. Coordinate communication with employees through all possible media.
- F. Continue the program of facility illustrations to show ways in which MSHA has visibly helped the people of Maine.
- G. Provide consistent employee orientation programs that address benefits, the MSHA mission, how the agency works and the role of quality management.

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Goal 2

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*E*ncourage employee involvement at all levels of program design and delivery.

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## Goal 2

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*Program design depends greatly on evaluation, which ensures that the program will do what it set out to accomplish.*

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*Objective 4: Reduce red tape.*

*Strategies:*

- A. Continue to analyze program processes every other year to assess changes in the market or technologies, working to reduce amounts of processing time needed to process various applications.
- B. Ensure that data required in each application process is needed by the agency to provide resources in return.
- C. Improve information recording processes by reducing the number of duplicative data entries.

*Goal 2 Benchmarks:*

- Maintain the present satisfaction rating with employment at MSHA at 90% or greater.

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## Goal 3

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### **Goal 3 - Program Design: MSHA will improve the design and delivery of programs and services.**

*Summary.* Effective program design requires a predictable structure ensuring the use of needs data and the input of our staff, partners and customers. The objectives and strategies describe how that process will work and establish a series of guidelines to be followed when examining new or old programs. Program design depends greatly on evaluation, which ensures that the program will do what it set out to accomplish. Hence, design must identify the needs of the customer and role of the partner to make the most efficient use of scarce resources. In the use of scarce resources, program design will use the 1997 Strategic Plan, the Consolidated Plan and appropriate needs assessments to guide the allocation process.

Benchmarks will measure outcomes based on recent customer satisfaction. Benchmarks will assess change from present survey results.

*Objective 1: Ensure broad organizational partner and customer involvement in the development of all new and existing programs and services.*

*Strategies:*

- A. Any new program or service will be reviewed before it is approved and announced. The team shall include other divisions affected and, when practical, partners and customers for whom the program is being designed.

- B. Employ the same approach prior to continuing any existing program not reviewed for a period of two years.
- C. Organize and host a series of continuing discussion forums between staff, customers and partners to review existing programs and identify new needs.
- D. Make use of internal data bases and survey information in the program review process.
- E. Require that the design of the delivery vehicle be an integral part of program design. This will require an assessment of public and private sector options and identify why the selected vehicle is the most effective.
- F. Require that every new program have a built in evaluation mechanism to ensure that design and delivery meet desired goals and provide sound feedback for future modifications and new programs.
- G. Once identified, require that all programs identify the partner(s) and their respective role and responsibility in program delivery.
- H. Continue to research private sector financial products, searching for ways to improve our own and standardize our products with those of the market.

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### Goal 3

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*M*oving across divisions, ensure that the notion of a housing continuum is part of program design.

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*Objective 2:* Require that new and existing programs remain consistent with the mission, goals and strategies of the Agency.

*Strategies:*

- A. Moving across divisions, ensure that the notion of a housing continuum is part of program design. This will assist the customer, where appropriate, in moving along the housing continuum from their point of entry, transitioning from dependence to independence.
- B. Require that all programs are consistent with the mission statement.
- C. Require that all programs identify the customer and how the customer will benefit.
- D. Require that all programs identify the partner and partner responsibility.
- E. Require that programs are consistent with the annual needs assessment, as found in the Consolidated Plan.
- F. In the use of scarce resources, as defined by the Executive Committee, assure that the customer receives the maximum benefit. Concurrently, ensure that the minimum amount of scarce resource is used to effectively and efficiently meet program goals.
- G. Examine all existing programs to verify that there are sufficient beneficiaries to justify continuing a program as designed. Focus on underutilization in terms of as-



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### Goal 3

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**C**onsider the geographic diversity of Maine in program design and delivery, recognizing that flexibility will be needed to accommodate different housing needs and markets.

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sessing the need and the delivery system to ensure that the design is meeting the need of the customer.

- H. Examine the number of programs being delivered at MSHA for the purpose of simplifying program design and reducing the number of programs to be managed.
- I. Ensure in program design, where there are limited subsidy resources, that the programs serve those in greatest need, as efficiently as possible.

*Objective 3:* Consider the geographic diversity of Maine in program design and delivery, recognizing that flexibility will be needed to accommodate different housing needs and markets.

#### *Strategies:*

- A. Maintain a data base that allows for the agency to assess different market conditions.
- B. Market effectively, in all areas of the state, each of the housing programs.
- C. Coordinate with other state agencies to clearly link the housing need with the local economy and service needs.
- D. Recognize in both allocations and final project approval the need to maintain a flexible resource mix to serve differing markets.

#### *Goal 3 Benchmarks:*

- All programs will be reviewed every other year.
- Maintain the customer satisfaction rating for the first time homebuyer at more than 90% as measured through surveys of buyers.
- Maintain a customer satisfaction rating for our agents' certificate/voucher program at 80% or above.
- Maintain a customer satisfaction rating of 85% or above for the FIX ME program.
- Increase the percentage of structures in our supportive housing program reporting good to excellent (through site inspections) to more than 30%.
- Maintain a delinquency rating for single family mortgages at less than 4%.
- Maintain a delinquency rating for home improvement loans of less than 8%.
- Provide balanced program expenditures based on need around the State.
- Reduce the processing time for our partners by 10%.
- Maintain a multi-family delinquency rate of less than 1%.

**Goal 4 - MSHA Program Focus: MSHA will ensure that programs remain appropriately linked to its mission and strategic plan.**

*Summary.* Program focus links this plan and the five priority population groups: first time homebuyer, cost burdened homeowner, cost burdened renter, special needs populations and the homeless. In contrast to program design, program focus describes population groups in terms of need and relates need to the market. Program focus describes who the program is intended to serve, how they are to be served and how state and federal categorical funding effect program delivery. MSHA has found that:

- ⇒ first time homebuyers need help financing their first home;
- ⇒ cost burdened homeowners need help financing home repairs;
- ⇒ cost burdened renters need assistance in paying or reducing their rent;
- ⇒ special needs populations generally need housing assistance combined with health and human services; and,
- ⇒ homeless persons need emergency shelter or transitional housing combined with services.

Utilizing this philosophy and approach, MSHA will use an an annual allocation process to assess the needs and provide low income citizens of Maine with appropriate housing programs.

This goal also identifies the most important housing priorities for MSHA. Important priorities for MSHA remain creating new homeownership options and owner occupied home repair. As a direct result of Maine's older housing stock and a five year projection of slow growth, it is recommended that we continue the rehabilitation of all forms of housing that serve low income citizens. Demographic assessments also require that we continue to address the needs of the special needs populations, including the elderly.

Measurements for Goal 4 will focus on the number of units we can create and the percentage of the market those units will serve.

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Goal 4

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***A**s a direct result of Maine's older housing stock and a five year projection of slow growth, it is recommended that we continue the rehabilitation of all forms of housing that serve low income citizens.*

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Goal 4



*Objective 1:* Maintain program focus on five priority populations: first time homebuyer, cost burdened homeowner, cost burdened renter, special needs populations, and the homeless.

*Strategies:*

- A. Conduct an annual assessment of housing needs by population group as part of the State's Consolidated Planning process, completing such assessment on or before August 1st.
- B. Ensure that the need of each population group is defined for the purposes of program design and delivery and identify appropriate resources.
- C. Through the Consolidated Plan and other program plans, assure that the needs assessment looks to the future in five year increments.
- D. Expand MSHA's capacity to assess local markets.
- E. Ensure a balance of housing options across all groups in order that choice and opportunity are available to low income citizens.

*Objective 2:* Ensure that the resource allocation process is consistent with the mission and strategic plan, and focused on the most efficient and effective use of scarce resources.

*Strategies:*

- A. Review all available information prior to the annual allocation process and rank priority populations based on that analysis. Fund programs out of that ranking structure, including mid year re-allocations.
- B. Through quality management practices, ensure that staff input, as represented through their divisions and working groups, is part of the allocation planning process. One annual all-staff day meeting will include a discussion of annual priorities.
- C. Provide staff with all surveys, focus group summaries and similar informative reports prior to the allocation process.
- D. Continue to provide up-to-date expenditure rates of funds to ensure the most efficient allocation and expenditure of agency dollars.
- E. In the needs assessment and allocation process, identify the gaps that exist where no other agency is making a meaningful response.
- F. Where there exist competing, multiple needs, work to ensure that our subsidy resources serve the extremely low income and cost-burdened families of Maine.

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*Through quality management practices, ensure that staff input, as represented through their divisions and working groups, is part of the allocation planning process.*

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*Objective 3:* Continue the focus on homeownership as a high priority.

*Strategies:*

- A. Continue the aggressive marketing of the program, reaching out to both partners and customers.
- B. Continue to find resources to assist low income homeowners in making repairs to their homes.
- C. Expand the number of first time homebuyers at or below 50% of median income or considered part of a special needs population.
- D. Expand the development of programs which help elderly or disabled homeowners stay home and avoid moving to more costly alternatives.
- E. Expand *New Neighbors* to other areas of the State by developing new resources to support the program.

*Objective 4:* Give priority to the rehabilitation of existing housing in Maine.

*Strategies:*

- A. Review and improve the effectiveness and delivery of existing rehabilitation programs and expand as resources become available.
- B. Ensure that resources effect a quantifiable improvement in substandard housing while also serving low income citizens.
- C. Ensure that one of the products of rehabilitation is the strengthening of neighborhoods.
- D. Work to identify new funding sources to serve small landlord projects throughout the state.
- E. Continue to recognize the importance of rehabilitation to the economic well being of the State of Maine.
- F. Encourage programs that make use of the existing stock.
- G. Develop cost effective methods and financial resources to address lead based paint problems in Maine housing.

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Goal 4



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**C**ontinue the focus on homeownership as a high priority.

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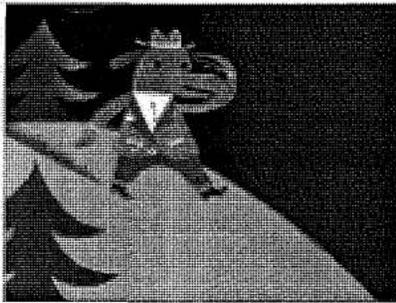
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Goal 4

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**A**ddressing the Housing Needs of Low Income Citizens: The Maine State Housing Authority will serve as the primary state entity to address the housing needs of low income citizens.

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Goal 5

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**Objective 5:** Increase the number of special need housing units spread throughout the state, serving various populations.

**Strategies:**

- A. Continue to meet with our external partners to identify priority needs for special need populations, including those with mental illness, mental retardation, physical disabilities, substance abuse, victims of domestic violence, children and youth with special needs, and single parent families.
- B. Identify and link resources best suited to specific special need groups to more efficiently stretch our financial resources.
- C. In conjunction with our goal to increase resources, identify and obtain new resources that can serve special need groups.

**Goal 4 Benchmarks:**

Assuming 1997 financial resource levels, MSHA will annually serve the following population groups:

Cost Burdened Renters:	245 units or 2% of those in need
Homebuyers:	2000 units or 4% of the primary pool in need
Cost Burdened Homeowners:	1200 units or 2% of those in need
Homeless Population:	maintain rate of multiple visits by one individual to shelters to 40% or less
Special Needs Populations:	150 units or .5% of need

**Goal 5 - Addressing the Housing Needs of Low Income Citizens:** The Maine State Housing Authority will serve as the primary state entity to address the housing needs of low income citizens.

**Summary.** MSHA is the primary housing finance provider for low and moderate income persons in the State of Maine. Given MSHA's expertise in housing development and access to financial resources, MSHA will work to meet the housing needs of all five priority population groups while coordinating with other state agencies to provide appropriate services. While facilitating service provision, MSHA will also work to expand private and non-profit development capacity to assist us to make the best use of limited resources.

*Objective 1:* To reaffirm the original legislative intent which identified MSHA as the state agency charged with assisting and coordinating in the provision of a variety of statewide housing options.

*Strategy:*

- A. Encourage legislation which identifies MSHA as the state agency to lead affordable housing efforts.
- B. Be available to facilitate and coordinate interagency cooperation where the provision of housing is to be a key result of actions taken.
- C. Encourage other agencies to work through MSHA to meet identified housing needs, while they provide associated services.
- D. Continue to inform our customers and partners on what MSHA is doing to meet the needs of our priority population groups.
- E. Serve as a resource to those in the State examining housing issues.
- F. Respond to housing challenges identified by other State departments.
- G. Establish a housing day for the Legislature that includes a "State of Housing" presentation by the Director.

*Objective 2:* Work to expand the for profit and non-profit development capacity in the State of Maine.

*Strategy:*

- A. Work directly with developers to expand their resource and development capacity, focusing especially on the need to bring more financial resources to the State.
- B. Link developers with our state and federal partners in order for the developers to assure customers receive both housing and service assistance.
- C. Provide continued training and communication to improve the knowledge of our programs and housing issues.

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Goal 5



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*Encourage other agencies to work through MSHA to meet identified housing needs, while they provide associated services.*

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Goal 5

*Goal 5 Benchmarks:*

- Produce at least 4 external newsletters per year.
- Hold the Governor's Affordable Housing conference and the legislative "State of Housing Days," as appropriate.
- Provide training for profit and non-profit developers on the available MSHA programs.

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Goal 6

**Goal 6 - Subsidy Resource Supply: Maintain and develop new subsidy resources to replace those being lost through state or federal budget reductions.**

*Summary.* We work in an era of shrinking resources. MSHA should advocate for the maintenance and expansion of existing financial resources. Shrinking resources put greater pressure on meeting present, let alone expanding needs. MSHA shall make use of the tools it has available to maintain its subsidy resource base. Specifically, it will focus on expiring Section 8 project based rental assistance, the State Real Estate Transfer Tax and the expansion of our bond capacity. Our success in this endeavor will be measured in the maintenance and increase in our subsidy resource base.

*Objective 1:* Identify and publicize the gaps that exist between the annual and future needs assessments and available financial resources.

*Strategy:*

- A. Using the assessments conducted as part of our program focus strategy, identify the impact of those needs on existing and future known resources.
- B. Delineate for each resource its constraints, working to fit resource and need in the most efficient manner. Identify tools and techniques in financing that can extend subsidy resources. Identify alternative financial resources that match with defined needs.
- C. Track the future availability of resources, both known and speculative and work to secure additional funding.



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**M**SHA should advocate for the maintenance and expansion of existing financial resources.

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*Objective 2:* Communicate with our partners and customers on the status of available resources and the needs that can and can not be met.

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Goal 6

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*Strategy:*

- A. Enhance our marketing and media capacity to ensure that all partners and customers are aware of financial need by priority population group.
- B. Remain active on a state and federal political level to effect legislation and funding changes that further the mission of MSHA.
- C. In the short term, focus in particular on the need to:
  - Identify new sources of revenue to support the impending loss of expiring Section 8 project based rental assistance.
  - Restore the Real Estate Transfer Tax to its initial share (45% of the total collected).
  - Protect and improve our ability to use bond capacity on a state and federal level.
- D. Develop a constituency of partners and customers to increase public awareness of the need to fund housing initiatives.

*Goal 6 Benchmarks:*

- Produce an annual housing gaps assessment, identifying needed resources.
- Maintain the present level of subsidy resource funding.
- Obtain the 45% share of funding through the Real Estate Transfer Tax.
- Develop models to address the expiring Section 8 project based rental assistance.
- Expand bond capacity to ensure that bond monies are not reduced to subsidy resources.

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*Communicate with our partners and customers on the status of available resources and the needs that can and can not be met.*

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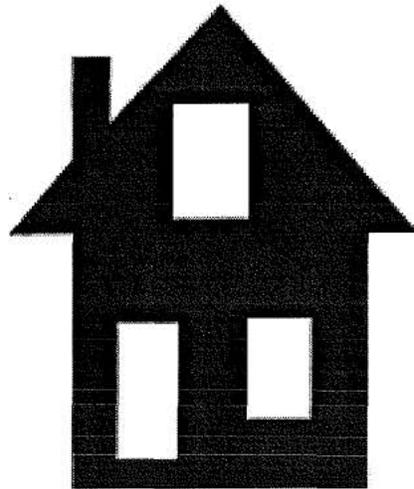
## CONCLUSION

The six primary goals of this plan will provide guidance to MSHA, its customers and its partners as we plan for the future. The goals and strategies reflect MSHA's commitment to continuously analyze and improve program design and delivery. While each goal stands on its own, it is clear that success is dependent on the integration of each goal into every level of the cultural fabric of MSHA. Equally important is communicating these goals with our partners and customers as we plan to meet the needs of low income housing in Maine.

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*The goals and strategies reflect MSHA's commitment to continuously analyze and improve program design and delivery.*

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# APPENDIX I

## Partner Surveys.

*Introduction.* In the following, we will provide a brief summary of the surveys conducted for both internal and external partners of MSHA. The summary is meant to draw some contrasts with a similar survey conducted two years ago in conjunction with the development of the 1995 Strategic Plan. The survey will also provide information to each division regarding its present program design and delivery system, providing information necessary to make improvements.

### Real estate professionals:

We received surveys from over 108 real estate professionals, roughly a 25% response rate. Unsurprisingly, almost all ranked the first time homebuyers program as the most important program at MSHA. Of those responding, roughly 16% of their home sales were through MSHA. As opposed to the previous survey, more real estate professionals recognized their role as being critical to MSHA program delivery (about 75%).

In the previous survey, real estate professionals identified paperwork and processing as issues that needed attention. In this survey, the median response of "good" suggests that Realtors see some improvement in the approval process, but hope to continue to see more. In particular, they noted the improvement in income eligibility and increased flexibility for those qualifying as significant improvements since the last survey.

In the last survey, real estate professionals identified lenders as needing more information and participation in the program. In this survey, 75% felt that the lenders were enthusiastic about MSHA's first time homebuyer program. In contrast to the lender survey, where roughly 50% felt the MSHA program was not needed, 86% of the Real estate professionals believe that our targeted population group would not be able to purchase a home without MSHA.

The Real estate professionals ranked the Down Home and Closing Cost Assistance programs as very good, and the Purchase Plus Improvement program as good. Lack of government insurance was raised as a problem in for these programs.

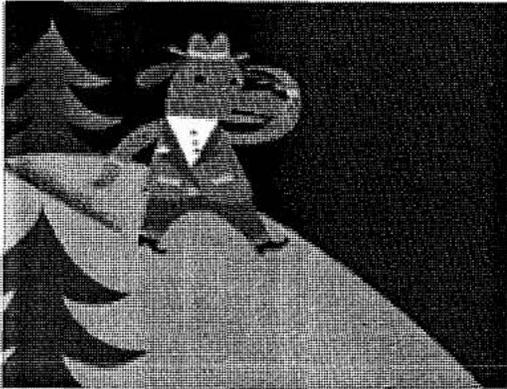
Of note was the fact that 68% of those surveyed suggested that up to 40% of their business was in selling homes at or below median state selling price. Another 20% noted that between 41%-60% of their housing sales were at or below median price. The Closing Cost Assistance program, while ranked as very good by the respondents, was used by less than half of the real estate professionals.

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**86** % of the Real estate professionals believe that our targeted population group would not be able to purchase a home without MSHA.

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## Lenders:

Lenders responded at roughly the same levels as the previous survey. MSHA's vision, now described through the mission statement, is consistent with lenders' sense of MSHA's role in providing housing for low income citizens in Maine. Clearly, the first time homebuyer was the most important priority group to be served through MSHA programs (few comments were made about other MSHA programs).

In response to suggestions related to the buyer in the last survey, MSHA introduced the Down Home program and increased the income levels to be served (to 100% of median). Interpretations were clarified through revising the recapture provisions. From a delivery perspective, MSHA worked to make the process easier for the lenders through a streamlining program and reduction in servicers. MSHA also, in response to the survey concerning lender needs, increased the fee to the lender, reduced the document and paperwork movement and improved its information dissemination.

In this survey, the lenders generally felt that the reduction in servicers and streamlining process were positive and reduced individual workloads per loan, in some cases by up to an hour or more. They continue to be concerned with the 3 points rule (the seller must pay, noting that requirement was increasing the cost of the home). While there was some concern about the lack of government insurance programs related to our improvement package for buyers, most noted that it was a positive program that acknowledged Maine's older housing stock. Lower downpayment requirements were again mentioned as a need.

Those that responded positively noted that the staff's response has improved greatly, and that consistency among answers was better. The process was faster, the fee appreciated and the reductions in paper flow helpful. The few negative comments were focused on income limits being too low, a need for more consistent training programs and in the servicer reduction (for those who preferred not to lose such a role). Many noted that the Purchase Plus Improvement program would work better with a government insurance program attached to it.

## Developers:

Once again, ten for profit and twenty-five non-profit developers responded to the survey. In the last survey, Developers focused on a cumbersome closing process, concerns over insufficient financial and human resource commitment and an overall sense that the MSHA application process is more cumbersome than need be.

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*In this survey, the lenders generally felt that the reduction in servicers and streamlining process were positive and reduced individual workloads per loan, in some cases by up to an hour or more.*

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The general sense of the survey was that our products do serve Maine low income families well. Most respondents emphasized a need to maintain a broad range of programs because of the diversity of low income housing needs. While comments were made regarding a cumbersome process and deep subsidy targeting, there was also recognition that the job being done was good, given declining resources.

Communication about our programs offered very contrasting responses. One group noted that communication was improving, the program design and public input process were getting better and that the developer focus groups were very good. Another contingent noted that the development program needs to speak with one voice, reduce confusion and do a better job listening and adapting to public input. An overall sense from survey response is that the process has improved but needs to continue to improve. There remain some that we have not reached out to in a consistent manner.

General comments by the developer group were extensive. Among common themes were greater attention given to small units and mixed income projects. Surveys called for more work with the homeless, senior citizens and youth with a focus on filling gaps that other agencies cannot meet. Some suggested that MSHA broker outside agency cooperation with the development community, mobilizing new and different resources. Both profit and non-profit developers were concerned with the lower income targeting, noting that lower income limits do not seem to match up to the reward for risk. Generally, several comments noted a need to better support small, existing landlords, believing that the future in housing should be in smaller, less dense, housing projects.

#### Legislature:

The response rate from the Legislature was down slightly from the previous survey, both surveys in the range of 25% response rates. While 25% of the legislators in the last survey identified housing as a high priority, over 30% ranked it as high or very high. The majority in this round, roughly 50%, ranked housing as a moderate priority, with several legislators noting that the issues of the economy and taxes were for the time being dominating their attention.

In the last survey, legislators identified rental assistance and homeownership programs as critical. Since that survey, the FIX ME program was introduced, with many senators and representatives identifying that as the most important program now available (with one exception). The new homebuyers program was also identified as critical to providing better environs for the family, with many noting that better Down Home assistance should be made available. The concern for senior citizens, not really identified in the last survey, clearly is on the mind of legislators this time.

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*The general sense of the survey was that our products do serve Maine low income families well.*

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*The concern for senior citizens, not really identified in the last survey, clearly is on the mind of legislators this time.*

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Several noted their concern for continued substandard housing, the need to help existing landlords and the need to focus on new concerns, such as lead based paint abatement. Homeless and homeless youth were identified by a few, noting the need to address those with the greatest crisis in housing first.

General comment included that MSHA has a good reputation and is recognized for doing a good job in the area of housing. Two notable exceptions need to be identified: one surveyor noted a concern for the FIX ME program, particularly with cost and quality of work. A second noted that our programs tended to cause market rates to escalate, creating a negative impact on affordable housing. Another desired better measures on how successful MSHA has been in meeting housing needs. That same person also noted that the newsletter and associated information have proven useful in better describing our achievements.

#### Community Action Programs:

This is a new survey directed specifically at the CAPs and the delivery of programs such as FIX ME, Weatherization and LIHEAP. All 11 CAPs responded to the survey, with the overall scores related to our program outstanding. Nine out of eleven identified the mission statement as excellent or very good.

The CAPs noted that the FIX ME program is an excellent one and that the staff has been outstanding in the process. Noting that this program is the best suited for Maine citizens, CAPs asked for more dollars, noting that in total, they felt they could do an additional 400 plus units per year. In terms of improvements to the program, higher loan amounts and relaxed underwriting criteria were most often noted.

Weatherization was generally ranked fairly high, as was LIHEAP. The use of a peer monitoring system was identified by a couple as a unique and interesting tool.

While some noted that the process at MSHA still remains too bureaucratic, they noted good improvement and a need to continue to reduce paperwork. More than one noted a need for better communication between departments, but also noted that EHS is one of the best divisions at MSHA.

Programmatically, they suggested expanding Keeping Seniors Home, increasing funds to FIX ME and greater very low income new homebuyer development.

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*The CAPs noted that the FIX ME program is an excellent one and that the staff has been outstanding in the process.*

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**Staff:**

While the staff survey was not extensively reported in the last plan, one was conducted. The survey of staff for this update was focused on what staff feel about the changes that have occurred over the last two years since the last strategic plan. Most ranked the mission statement high and generally felt as they were involved in the planning process in MSHA. Negative comments were minimal (less than 10% of the 56 responding to the survey), with their concerns with inconsistency at the division level and misuse of personnel.

Interestingly, the largest response to program focus was that there is a need to do something about all the population groups and that MSHA must remain broad-based in its focus. A broad based focus was followed by homeless persons, senior citizens, first time homebuyers, cost burdened homeowners, and those with mental illness. This seemed consistent with programs that should be eliminated, the most common answer being none. Several noted that other agencies should better support our efforts to assist their customers, mental health consumers being most commonly mentioned.

Most workers at MSHA can be described as proud of their mission and role in working with low income households in Maine. Many find this line of work rewarding and find that the fast pace and diversity at MSHA make it an interesting place to work. Many staff members identify time pressure and related time constraints as the most difficult aspect of working at MSHA. Some, while noting improvement, felt that communication still needs to be improved, that cross training might be useful, with most noting that they feel that they are involved.

*Conclusion.* The general flavor of these survey responses is that our partners believe we are doing a good job. More importantly, as we look over time and compare this survey to the 1995 survey, we find that the satisfaction ratings have improved. Many of the actions we took to improve program design and delivery have clearly pleased those who we work with. We must now continue MSHA quality management practices and show further improvement as we move to the turn of the century.

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*Most workers at MSHA can be described as proud of their mission and role in working with low income households in Maine.*

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## APPENDIX II

### Description of Income Categories

Several terms relating to the income status of people who benefit from MSHA programs appear throughout this report. They include:

Extremely Low Income (ELI) = Household income of 0%-30% of State's Median Family Income (MFI)

Very Low Income (VLI) = Household income of 31%-50% of MFI

Low Income (LI) = Household income of 51%-80% of MFI

Moderate Income = Household of 81%-105% of MFI





# Maine State Housing Authority

## Memorandum

**To:** Governor Angus S. King, Jr.  
**From:** Dana Totman  
**Date:** December 17, 1999  
**Subject:** Weekly Report

1. *Secretary Cuomo's homeless funding announcement* - This past Saturday HUD Secretary Cuomo came to Portland and announced the award of \$5,500,000 to Maine. Clearly the personal appearance was significant considering last year's rejections of Maine's applications. Often people are left confused or with wrong impressions following announcements like this. I will attempt to add some clarity. In the early and mid 90s HUD made numerous homeless funding awards to states and cities. Each year HUD would independently renew some grants and make some new awards. Some of the awards were for one year and others were for longer periods: up to five years. There were essentially two types of award being made in Maine during these early 90s. One type (supportive housing) was funds to pay for case workers, counselors, or various social service personnel at agencies located primarily in Portland and southern Maine. The other type of award (shelter plus care) was to pay for the actual rent to enable persons with mental illness to secure apartments. This type of award was going primarily to the Department of Mental Health and the awards created 5 year rental vouchers for the clients.

About 3 years ago HUD changed their procedures. The new procedure required renewal and new homeless initiatives to compete together rather than independently. The new process also essentially required that each geographical region produce only one application. The new process also assigned a basic funding level to each region and required the region to prioritize projects within that region. The basic funding level (referred to as fair share) was slightly modified to partially accommodate renewal demands.

Maine was very successful in the early 90s securing these grants. Unfortunately the renewal cost for these grants is now often far exceeding Maine's fair share. The challenge is especially big for Maine because much of our early awards were the Shelter Plus Care type of grant which HUD requires to be renewed for five year lengths of time which are very costly. Despite this huge renewal cost HUD decided this year to set aside \$250,000 in each region for new projects only. Generally applicants submit requests containing numerous projects prioritized from most desired to least desired. The renewal projects are generally very desired. Here's what happened.

The City of Portland submitted an application that included 16 projects. Portland asked for the \$250,000 new project and requested monies to renew 15 projects of which 6 were Shelter Plus Care and 9 were Supportive Housing. The total request was \$2,028,436. HUD approved the new project and agreed to renew 10 of the projects. The projects not renewed included a \$78,000 supportive housing project at Ingraham and 4 Shelter Plus Care projects which provided rental vouchers for 20 clients. We think 10 of the 20 can be served in the new grant.

The City of Bangor asked for the \$250,000 new projects and requested that 8 projects be renewed for a total request of \$2,231,754. Six of the renewal requests were for Shelter Plus Care vouchers and two were for Supportive Housing. HUD approved the new project and two Shelter Plus Care renewals. The projects not renewed for Bangor were two supportive housing projects at Bangor

Area Shelter totaling \$46,000 and four Shelter Plus Care projects which provided rental vouchers to about 36 clients. We think 10 of the 36 can be served in the new grant.

The State application (Maine without Bangor and Portland) asked for a \$250,000 new project and requested 3 Shelter Plus Care projects be renewed for a total request of \$4,076,340. HUD approved the new project and two of the three renewals for a total of \$3,143,580. The non-renewed project provided rental vouchers to about 34 clients about 10 of which can be served in the new grant.

Overall, Maine received about twice its fair share which is great news. Unfortunately despite this good news, three vital Supportive Housing projects and about 36 clients with rental vouchers are losing their funding support and must scramble for alternatives.



# Maine State Housing Authority

## Memorandum

To: Governor Angus S. King, Jr.

From: Dana Totman

Date: December 30, 1999

Subject: Weekly Report

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*Turning Point Farm* – Yesterday, Secretary Cuomo announced his approval of letting MSHA spend a portion of its Federal Home Block Grant to help fund this project. This is good news but a little background and analysis on the situation identifies several intriguing and important policy discussions.

First, the background: Maine wants special needs children that are currently placed out of state to return to Maine for care and housing. DHS agreed to provide a Medicaid cost reimbursement grant to Turning Point Farm in order for 6 youth to be served. MSHA agreed to provide a loan and possibly a grant to Community Housing of Maine (CHOM) to buy a farm in New Gloucester for subsequent rent to Turning Point Farm. The possible MSHA grant to CHOM was a piece of the Federal Home Block Grant which MSHA receives from HUD. HUD had previously provided MSHA an e-mail indicating children in state custody could not be served with proceeds from the Federal Home Block Grant. MSHA indicated to CHOM that this grant's proceeds could not support children in state custody as proposed in this project unless HUD changed its position. Ultimately HUD changed its position so MSHA will provide a \$400,000 loan and a \$96,000 grant to CHOM for this project.

Now, the policy issues related to this project: (1) The Federal Home Block Grant was a block grant to "... strengthen the abilities of States ... to design and implement strategies for achieving an adequate supply of decent, safe housing ...". HUD appears to be prescribing certain procedures and limitations on how states operate their programs raising the policy question of *how limited is the state's authority?* (2) MSHA attempts to develop numerous special needs housing projects like this that have some financial implications. If MSHA did not provide the grant the developer would have had to borrow more money. This increased loan payment would increase the rent charged to Turning Point and DHS would need to increase its Medicaid reimbursement rates. MSHA prefers to partially pay for these projects with grants to minimize the debt/risk associated with the loan amount that exceeds the property's value. If MSHA does not have a source of capital like this block grant or the recently depleted \$5,000,000 general obligation bond fund, there would be higher risk and higher Medicaid reimbursement rates. The policy question is *whether to appropriate funds for a capital fund or to lend more funds which create slightly greater risk and higher Medicaid reimbursement rates?* (3) This project follows the model where the developer and owner of the building is one entity and the provider with which DHS contracts is a different entity. Some like this model because if the provider does an inadequate job, a different provider can be brought in without displacing the residents. Others feel this model places greater risk on MSHA because the entire 30 year mortgage is underwritten based on a two year lease which is dependent on DHS continuing the contract with the service provider. The policy question is: *should the owner and service provider be the same or separate entities?*

In summary, this is a wonderful project, however we will do everything possible to convene the appropriate parties including your staff to review the policy issues.