

MAINE STATE LEGISLATURE

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MaineHousing
Maine State Housing Authority

HELPING MAINERS RENT, BUY
& HEAT THEIR HOMES SINCE 1969

Housing Opportunities for Maine

Maine's Housing Trust Fund

Report to the Maine Legislature
on HOME Fund uses 2015-2016

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- 🏠 **Peter Anastos**, Co-founder and Principal of Maine Course Hospitality Group
- 🏠 **Adam Bradstreet**, field manager in the construction sector
- 🏠 **John Gallagher**, Director of Maine State Housing Authority
- 🏠 **Sheryl Gregory**, real estate broker with Homestead Realty in Winthrop
- 🏠 **Terry Hayes**, Treasurer of the State of Maine
- 🏠 **Kevin Joseph**, Co-owner of Joseph's Fireside Steak House in Waterville
- 🏠 **John Marsh, Jr.**, Senior Vice President of Commercial Lending and Community Development at Bath Savings Institution, retired
- 🏠 **Lincoln J. Merrill, Jr.**, President and Chief Executive Officer of Patriot Insurance Co. in Yarmouth
- 🏠 **Donna Talarico**, Senior Vice President and Marketing Manager for Residential Lending at GuaranteedRate.com in Portland

Legislative Mandate

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

MaineHousing does not use any HOME Fund money for salaries or administrative costs of the agency. The fund's flexibility 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 overly restricted by program rules. We use it where it is needed most.

What is the HOME Fund?

History

Maine's Legislature and Governor created the Housing Opportunities for Maine (HOME) Fund in 1983 to provide MaineHousing with a flexible financial resource to address the state's affordable housing needs. Initially it was an appropriation. In 1986, to provide the fund with 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.

Public Purpose

MaineHousing's mission is to assist Maine people in obtaining and maintaining quality affordable housing and services suitable to their housing needs. With this in mind, MaineHousing uses the HOME Fund to help individuals and families in need, including those who are homeless, who are struggling with their mortgage payment because of financial hardship brought on by the loss of a job, who are trying to pay heating costs while living in an older home, or who want to reduce their family's health risk by removing lead-based paint from their homes. In addition to these services, MaineHousing helps homebuyers purchase their first home and assists others by providing funding for home repair and weatherization.

Funding Flexibility

The flexibility of the HOME Fund makes it an important tool in addressing Maine's housing needs. Affordable housing needs are affected by economic and market conditions. The Home Fund provides a resource to help offset the effects of a changing economy. Its flexibility also allows MaineHousing to respond to the most pressing housing needs, emerging needs, and needs that cannot be resolved solely with federal funds. For example, in response to the economic downturn of 2007-2009, we used the HOME Fund to help homeowners avoid foreclosure. As the homeownership market has improved, we provided first-time homeowners struggling to save with more down payment and closing cost assistance.

Successes

Homelessness

A substantial amount of the HOME Fund is used to help Maine's most vulnerable population – people who are homeless. MaineHousing creates permanent housing, provides rental subsidies, supports emergency shelters, and invests in programs to help individuals and families who are homeless on their path to stable housing.

Since 2014, MaineHousing has introduced new initiatives to reduce homelessness including significant changes to the Homeless Solutions Rule which determines how funds are distributed among the shelters. HOME Fund resources, in combination with other state, federal, and community funds, pay for shelter operating expenses as well as services that rapidly re-house and stabilize individuals and families who are living in shelters or on the streets across Maine. These funds also pay for housing assistance Navigators who link shelter clients with permanent housing, create housing stability plans, assist with housing search and placement, and follow clients beyond shelter to ensure housing stability.

The Navigators point them in the right direction and the clients are required to do the work. In addition, a portion of these funds are available as incentives to agencies that achieve performance in successful permanent housing outcomes including housing stability.

This combined funding has supported the collective efforts of MaineHousing, community leaders, and homeless providers to reduce homelessness, improve outcomes for clients, and transform the homeless response system. The results are extremely positive. The number of people staying in homeless shelters has decreased an average of 12% each year from 7,933 clients in 2014 to 6,304 in 2016. Annual bednights, which indicate the length of time a client remains homeless, were reduced by 12%. In 2016, 44% of clients exited to permanent housing, and less than 5% returned to homelessness within 12 months.

The Long Term Stayer initiative addresses the permanent housing needs of the hardest to serve clients with mental health and substance abuse issues. We have seen a marked decline in the numbers of long term stayers from 262 to 108 in 2016.

Affordable Housing

The HOME Fund supports the development and preservation of housing for people with special needs. We also use it to address needs for which we have no other funding such as making housing more accessible for people with physical disabilities. In 2015-16, the HOME Fund supported the retrofitting and repair of 15 individual homes and of one supportive housing project with accessibility improvements. The HOME Fund also invested in the long term preservation of affordable housing properties.

Lead and Drought Relief

In the last two years, the HOME Fund has supported a number of home improvement initiatives to address emergency or health-related housing conditions. In 2015, MaineHousing was unsuccessful in securing federal funds for lead abatement. In order to avoid the disruption in providing lead abatement services, the HOME Fund supported this program until the next federal funding round and the subsequent award of federal resources. As a result another 77 homes are now safe from lead paint poisoning.

In 2016, in response to severe drought conditions experienced in parts of the state, MaineHousing utilized \$223,080 from the HOME Fund for well repair, replacement, or recovery measures for homes lacking potable drinking water. Forty-one households benefited from the program in 2016.

Home Repair

Maine has an older, less energy efficient housing stock. Investments by other housing programs such as weatherization and accessibility improvements are important, yet only go so far. Many Maine homes have significant repair needs and low income residents are not able to afford these costs. The Home Repair program is funded through the HOME Fund and offered to low income homeowners by the Community Action Agencies. Often these home repairs are accompanied by weatherization improvements. During 2015-2016, 161 low income households benefitted from home repairs.

Foreclosure Prevention

To help homeowners with MaineHousing mortgages who are facing or at risk of foreclosure, MaineHousing uses HOME funds to assist them with paying their home loans. The HOME Fund provides temporary financial support to cover the payments. This assistance is repaid by the homebuyer at the end of the mortgage.

The Maine HOPE Program defers up to four mortgage payments for MaineHousing borrowers who lose their jobs. The Maine Home Affordable Modification Program (HAMP) reduces the outstanding loan balance of an existing mortgage loan thereby lowering monthly mortgage payments to an affordable payment. During 2015-2016, 51 homeowners received assistance through these programs.

HOME funds also provide foreclosure prevention classes to Mainers at risk of foreclosure in order to avoid costly defaults and foreclosures.

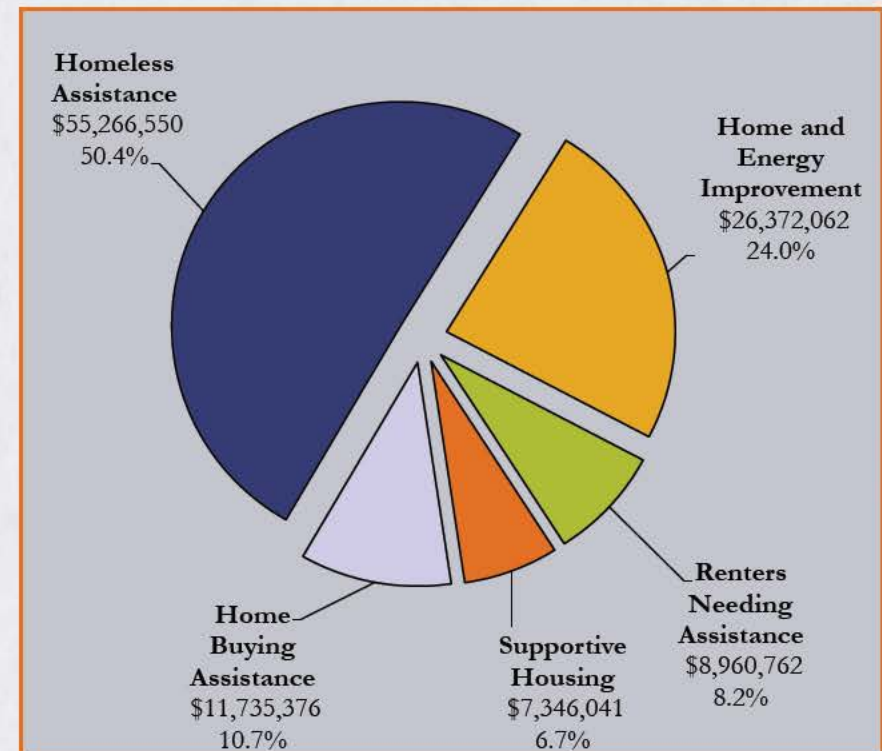
Homeownership

The use of the HOME Fund to assist first-time homebuyers increased substantially between 2014 and 2016. As the economy has improved and interest rates have remained low, there has been an increase in homebuying. An obstacle for first-time homebuyers is the upfront costs of mortgage closing and down payment requirements. MaineHousing responded by increasing funding for first-time homebuyers through the Advantage program. The Advantage program specifically provides closing cost and down payment assistance. With the increase in HOME funds, 593 buyers in 2015 and 941 buyers in 2016 used the Advantage program, a considerable increase over the 184 buyers in 2014.

Real Estate Transfer Tax Receipts to MaineHousing 2002 – 2016 (calendar year)

🏠 2002:	\$11,072,552	🏠 2010:	\$ 5,254,396
🏠 2003:	\$ 2,756,562	🏠 2011:	\$ 4,794,680
🏠 2004:	\$ 6,482,862	🏠 2012:	\$ 5,143,560
🏠 2005:	\$ 8,881,845	🏠 2013:	\$ 8,832,976
🏠 2006:	\$ 8,895,365	🏠 2014:	\$ 6,958,759
🏠 2007:	\$ 8,897,158	🏠 2015:	\$ 8,042,800
🏠 2008:	\$ 5,839,122	🏠 2016:	\$10,776,872
🏠 2009:	\$ 1,477,925		

HOME Fund Expenditures by Program Area 2002 – 2016



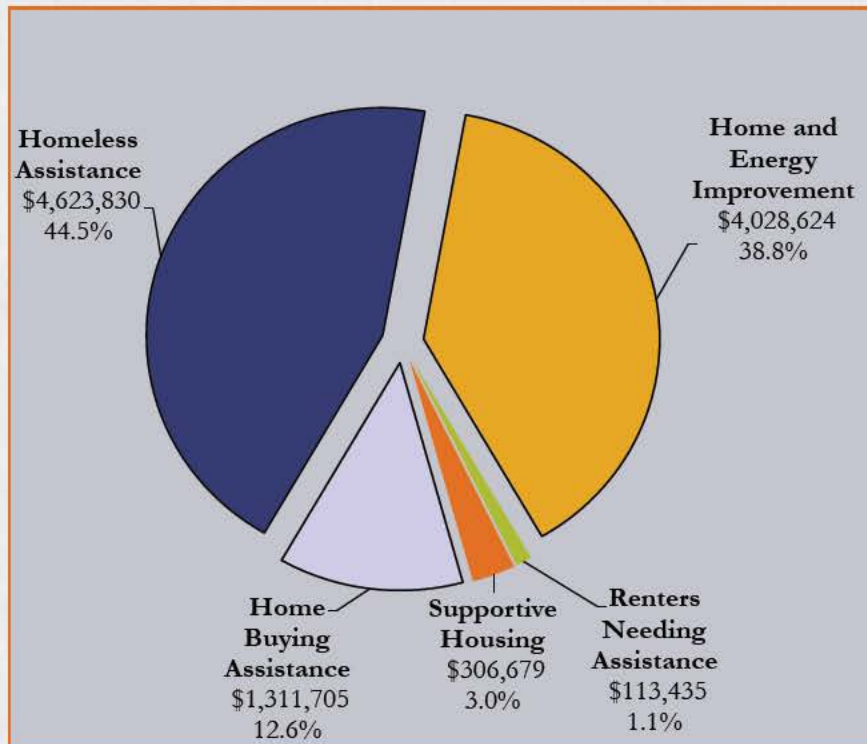
HOME Fund Investments: 2015 – 2016

Program Area	Program Description	HOME Fund Investment 2015	HOME Fund Investment 2016	Households / Units Served 2015-2016	Leveraged or Matching Funds
Homeowners' Assistance					
Maine HOPE Program	Defers up to four mortgage payments for MaineHousing borrowers who lose their jobs.	\$77,215	\$51,202	35 households	n/a
Maine HAMP Program	Reduces MaineHousing's existing mortgage; thereby lowering monthly payments to an affordable level for borrowers in default and at risk of foreclosure.	\$230,573	\$109,128	16 households	n/a
Single Family Advantage Program	Provides \$3,500 to qualified homebuyers to use toward down payment and closing costs. No repayment required.	\$2,012,500	\$3,297,000	1,534 households	\$208,300,000
Home Improvement					
Lead Hazard Control Program	Removes lead poisoning threats from homes with lead-based paint.	\$328,158	\$20,473	77 households	\$590,767
Home Repair Program	Home repair program for low-income homeowners.	\$1,635,016	\$844,360	161 households	n/a
Home Retro Program	Accessibility improvements for people with physical disabilities.	\$55,328	\$120,328	14 households	n/a
Drought Relief Program	Well repair, replacement or recovery measures for homes lacking potable water.	\$0	\$223,080	41 households	n/a
Weatherization Supplemental Repair Program	For weatherization measures or repairs necessary to make weatherization effective or allow it to occur.	\$464,520	\$0	155 households	n/a
Homeless Assistance					
Emergency Shelter and Housing Assistance Program	Supplemental funds for the Shelter Operating Subsidy Program (SOS) for emergency shelters.	\$2,085,214	\$2,000,000	A total of 13,324 individuals and 674,858 bednights	n/a
Shelter Operating Incentive	MaineHousing allocated funds to the Home to Stay Program (2015) and Emergency Shelter and Housing Assistance Program (2016) grantees that met certain benchmarks: decreasing shelter lengths of stay, increasing permanent housing outcomes, and maintaining stability for clients upon shelter exit.	\$624,995	\$825,005	n/a	\$1,438,303
Renter Assistance					
Preservation	Preservation of affordable housing properties.	\$630,486	\$194,747	3 projects	n/a
Assistance for People with Special Needs					
SHP - Repair Program	Repairs focused on accessibility.	0	\$65,000	1 project	n/a
Totals		\$7,679,485	\$8,214,843	15,361	\$210,329,070

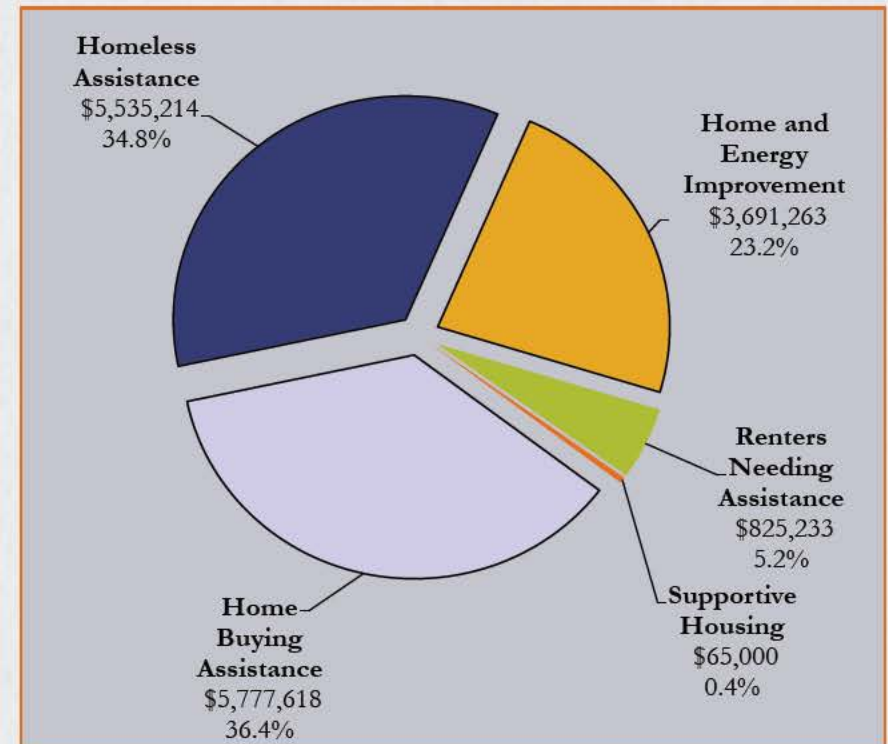
"n/a" means non-applicable.

HOME Fund Expenditures by Program Area

2013 – 2014



2015 – 2016

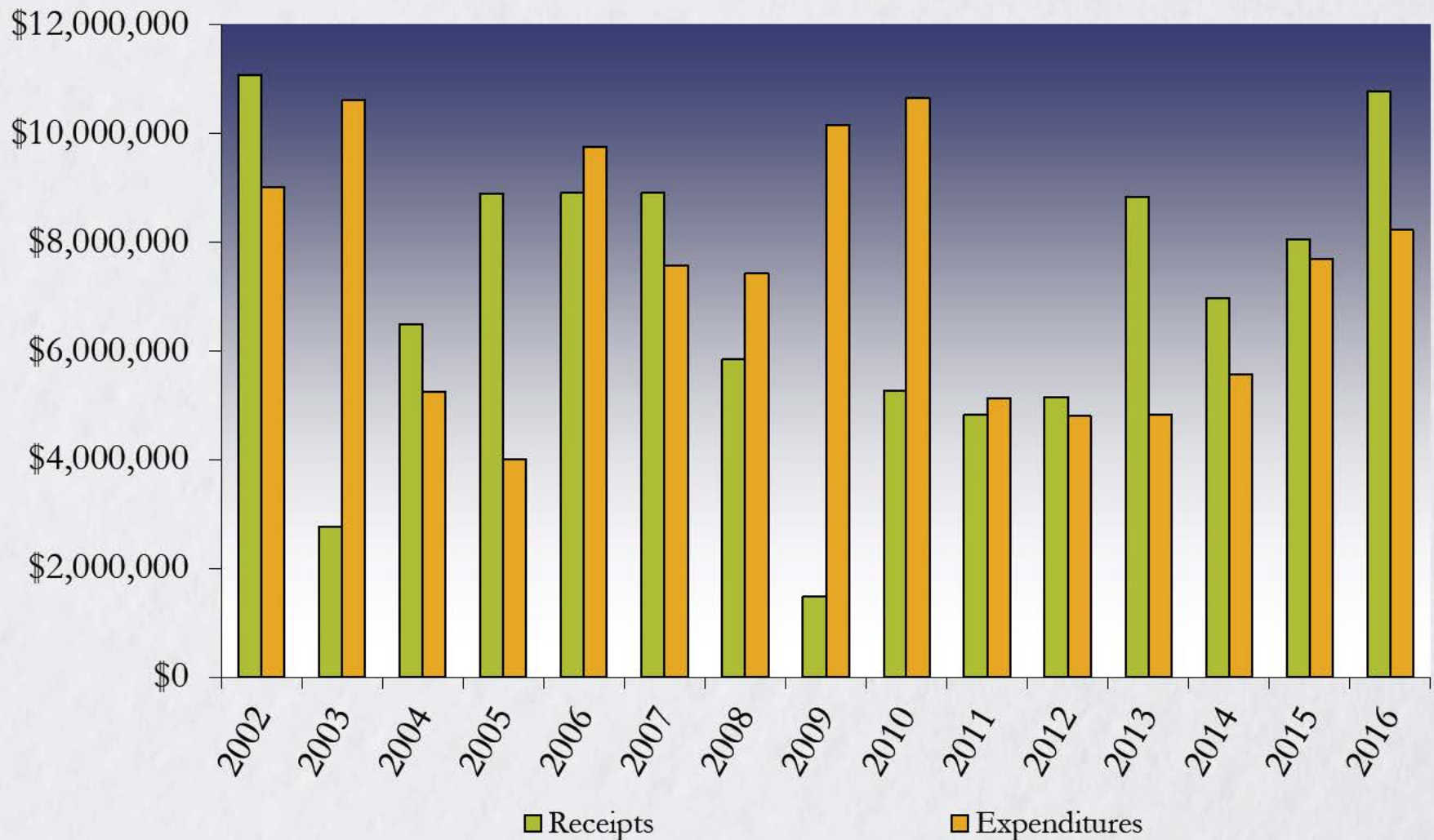


HOME Fund Uses

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 2015-2016 in comparison to 2013-2014 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
- 🏠 Keeping seniors safe and warm in their homes
- 🏠 Funding accessibility improvements
- 🏠 Filling funding gaps in affordable rental developments
- 🏠 Assisting first-time homebuyers to purchase their home.

MaineHousing HOME Fund Receipts and Expenditures 2002 - 2016 (calendar year)



* 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.

Mission

The mission of MaineHousing is
to assist Maine people
in obtaining and maintaining
quality affordable housing and services
suitable to their housing needs.

Vision of Success

All Maine people have
the opportunity to live
in quality affordable housing.



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For more information,
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