

MAINE STATE LEGISLATURE

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Annual Report 2011



MaineHousing
Maine State Housing Authority

Dear Governor LePage and Banking Superintendent LaFountain:

The need for efficiency—to make the best use of each public dollar spent—has never been higher. Tough economic times have increased the need for affordable housing for many Maine people at the same time as federal and state governments have reduced spending on housing-related assistance.

It is time to focus on basics.

Everyone at MaineHousing recognizes the need for program efficiency, cost control, and targeting limited resources where they can do the most good. We stand committed to making the most of our resources to help Maine's people and economy. Areas of focus in 2011 included:

- Transparency and accountability.
- Cost containment in rental housing development.
- Administrative improvements to our Housing Choice Voucher program.
- Targeting limited fuel assistance resources to the highest needs.
- Homeless prevention and rapid re-housing.
- Leveraging public and private funds for maximum impact.

Looking ahead, 2012 will be a year of major changes. A change in Administration has brought a change to our Board of Commissioners with new leadership and interests. New legislation will change the role of the Commissioners as well. The staff and Commissioners look forward to working together to further MaineHousing's long and successful history of serving the people of Maine.

Sincerely,

Peter Merrill
Acting Director

Peter Anastos
Board Chair



The mission of MaineHousing is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs.

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www.mainehousing.org



Administration

The year 2011 was the beginning of what is now a much closer relationship between MaineHousing's staff and its Board of Commissioners. LD 1778: *An Act Relating to the Governance of the Maine State Housing Authority* was introduced, and has since been passed by the Maine Legislature. The Director now serves at the pleasure of the Board of Commissioners. In addition,

the terms of existing Commissioners are staggered to provide the Board more stability and to preserve institutional memory.

While MaineHousing's Board of Commissioners always has had authority over MaineHousing's budget and rulemakings, the Board now will have

opportunity to provide more direct input on MaineHousing's operations. Certain powers and duties are no longer vested solely in the Director. These changes will provide for additional checks and balances and ensure better coordination between the Director and the Board.

Operations

MaineHousing programs invested more than \$1 million a day in Maine's economy in 2011. Most of it was private capital generated by the sale of our revenue bonds or federal grant funds. We served Maine people by:

- *Financing affordable housing for those with identified housing needs*—first-time homebuyers, renters needing assistance, people with special needs, people who are homeless, and owners of homes that need improvement.
- *Leveraging the efficiencies of private financial markets for public purposes* by raising capital from private investors from the sale of mortgage revenue bonds.
- *Maintaining a high bond rating for our revenue bonds.* Higher ratings mean lower interest rates for borrowers. Our bonds are rated AA+, one of the highest ratings possible.
- *Being responsible for our own debt and financial liability* by repaying our bonds with income we earn from our mortgages.
- *Self-funding our operating budget* by paying for our operations through the difference between what we owe investors and what we earn on our mortgages, and from federal program fees.
- *Running programs efficiently through partnerships* with private, non-profit, and government organizations.

Board of Commissioners

Peter Anastos, Co-founder and Principal of Maine Course Hospitality Group

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

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

Sheryl Gregory, real estate broker with Homestead Realty

Nikki McLean, board member of the Maine People's Alliance

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

Peter Merrill, Acting Director of MaineHousing

Bruce Poliquin, Maine State Treasurer

Mark Samson, Vice President, Senior Retail & Mortgage Banking Officer for Mechanics Savings Bank

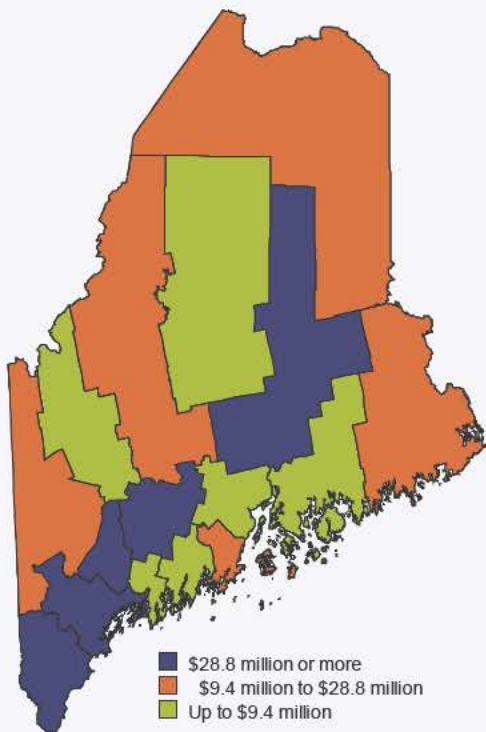
John C. Turner, U.S. Bankruptcy Court trustee

Accomplishments

MaineHousing accomplishments for 2011 include:

- 795 affordable First Home mortgages added to a portfolio of about 12,000 single family mortgages valued at over \$960 million.
- 401 new affordable rental units completed for families and seniors, as well as 11 units for people with special needs and 33 units for people who are homeless.
- 18,021 units that house low-income Maine seniors, families and people with special needs listed in MaineHousing's asset management portfolio.
- 3,952 low-income households assisted with \$25.5 million in Housing Choice Vouchers.
- 63,803 low-income households that received fuel assistance, and 4,946 that received emergency fuel assistance.
- 2,799 low-income homes and apartments weatherized with a value to clients of \$18.1 million.
- 134 homes repaired with a value to clients of \$2,416,168.
- 119 multifamily and 26 single family units that received lead safety improvements with a value to clients of \$1,394,762.
- 6 mobile homes replaced with a value to clients of \$498,418.
- 304,524 bed-nights of service to 7,725 people at 42 shelters that received financial support from MaineHousing.
- 764 people facing eviction who received homeless prevention assistance, and 1,714 people who were homeless who were served by rapid re-housing initiatives.

MaineHousing 2011 Investments by County



For an interactive map with regional accomplishments, go to www.mainehousing.org/at-work-in-your-county-2011.

	Units/Households Assisted	Resources Invested
First-Time Homebuyers		
First Home Mortgages	795	\$96,613,065
Maine Home Ownership Protection for unEmployment (HOPE) Program	71	\$240,000
Total	866	\$96,853,065
Owners of Homes that Need Improvement		
Home Rehab Program	74	\$1,971,051
Elderly Hardship	46	\$237,339
HomeRetro Program	14	\$207,778
Lead Hazard Control	145	\$1,394,762
Mobile Home Replacement	6	\$498,418
Total	285	\$4,309,348
People Who Need Energy Assistance		
LIHEAP (Low Income Home Energy Assistance Program) Fuel Assistance	63,803	\$51,286,906
Home Weatherization	2,799	\$18,099,708
Total	66,602	\$69,386,614
People Who Are Homeless		
Shelter Operating Subsidy	42	\$3,496,660
Tenant Based Rental Assistance (RAC+/STEP)	296	\$1,170,064
Homeless Prevention & Rapid Re-Housing	1,714	\$1,402,000
Total	2,052	\$6,068,724
People With Special Needs		
Supportive Housing	44	\$4,280,750
Total	44	\$4,280,750
Renters Needing Assistance		
Family Rental Housing Completed	263	\$17,533,073
Senior Rental Housing Completed	138	\$4,882,937
Housing Choice Vouchers	3,952	\$25,504,069
Total	4,353	\$47,920,079

Opening the Door to Homeownership

The Maine market for single family homes remained soft in 2011 with total sales down over 3.5% from 2010 and the average price down just over 2%. The second half of the year, however, saw an improvement in the number of sales. After being down over 18% from January through June, sales for July through December were up over 11% from the prior year.

Using investor-financed mortgage revenue bonds, MaineHousing made possible over \$96.6 million in First Home mortgages to 795 Maine families who were purchasing their first homes. At year-end, MaineHousing's total single family loan portfolio included nearly 12,000 mortgages valued at approximately \$960 million.

MaineHousing also encourages homebuyer education as an easy and inexpensive way to help first-time homebuyers succeed at homeownership. In 2011, MaineHousing participated in programs that provided information and counseling to more than 2,300 prospective homebuyers.

To help MaineHousing borrowers succeed at homeownership, MaineHousing mortgages come with payment protection for unemployment. Payment protection helped 71 MaineHousing borrowers who lost their jobs in 2011, and helped MaineHousing keep its foreclosure rate below the state average.

This is extremely important as the percentage of Maine home mortgages in foreclosure climbed from 5.27% at year-end 2010 to peak at 5.92% at year-end 2011. In comparison, MaineHousing's own mortgage portfolio had 3.22% in foreclosure at year-end 2011, down slightly from 3.25% at year-end 2010.

First Home Program

Lauren Bustard
Waterville

Lauren Bustard didn't think she could buy a home, let alone be considered a "first-time homebuyer."

She had moved back to Maine two years earlier carrying her belongings and "significant debt" that she was paying off. Plus, the single mother once owned a home.

"I didn't think I could do it financially," Lauren said. "I was planning on renting because I didn't think it was a possibility that I could own a house."

It wasn't until "a friend of a friend" shared her story of going through a MaineHousing-sponsored homebuyer education class and securing a First Home mortgage that Lauren decided to take a chance to see if she would qualify. Hearing that it was a "buyer's market," Lauren looked for a house in Waterville and began the homebuying process. Part



of that was to sign up for a homebuyer education class through hoMEworks.

She chose to take the class online—and was one of the first to use this option, something she found convenient because of her work schedule at a non-profit foster care agency.

"I had already gone through the homebuying process once before, but I learned some things from it," Lauren said. "I learned about rate comparisons, what to look for in a mortgage, and the importance of inspections."

Lauren determined that she was eligible for MaineHousing's downpayment/closing cost assistance program, which in her case helped with the closing costs of her Rural Development-insured mortgage.

"With my mortgage payment, I think I'm paying less than the rents with utilities in Waterville," Lauren said.

In June 2011, Lauren became a homeowner. And in April 2012, Lauren made another positive change in her life—she accepted a job with MaineHousing as a Housing Choice Voucher program manager.

"I'm happy," she said. "Everything's working out great—in my living situation, in my professional life. It's all good!"

Homebuyers Assisted in 2011

	Households Assisted	Resources Invested
First Home Mortgages	795	\$96,613,065
Maine Home Ownership Protection for unEmployment (HOPE) Program	71	\$240,000
Total	866	\$96,853,065

Housing Development

Using federal Low Income Housing Tax Credits and other funding, MaineHousing financed development of new affordable rental housing for working families, seniors, people who are homeless, and people with special needs.

More than 400 new or substantially rehabilitated affordable rental units were added to the market in Maine during 2011 with help from MaineHousing financing. These units are located across the state from the town of Lincoln in northern Penobscot County to York in the southern tip of Maine.

With an average MaineHousing subsidy of \$55,900 per unit and average total development cost of \$168,696 per unit, MaineHousing leveraged \$112,796 per unit of affordable housing completed. That means every \$1 of federal and state subsidy invested by MaineHousing leveraged more than \$2 in other capital.

Three supportive housing projects (11 units) also were completed in 2011 to provide housing for people in Maine with special needs and four (33 units) were completed for people who are homeless.

With an average subsidy of \$97,290 and average total development cost of \$163,611 per unit, MaineHousing was able to leverage 68 cents per dollar of subsidy provided.

A major focus of our development programs in 2011 was cost containment. MaineHousing added limits for total development costs to our Rental Loan Program, and worked proactively with stakeholders to identify additional opportunities for cost containment that will be incorporated into the 2013 Qualified Allocation Plan (QAP) for Low Income Housing Tax Credits. A new scoring category for Total Development Costs will be developed as the highest scoring category in the QAP, and other pro-active measures will be taken to reduce overall costs.

Affordable Rental Housing Units Completed in 2011

Type of Housing	Number of Projects	Number of Units	Amount of Subsidy	Total Cost
Family	5	263	\$17,533,073	\$46,327,355
Senior	4	138	\$4,882,937	\$21,319,677
Total	9	401	\$22,416,010	\$67,647,032

Supportive Housing Units Completed in 2011

Type of Housing	Number of Units	Amount of Subsidy	Total Cost
People with Special Needs	11	\$1,167,480	\$1,805,294
People who are Homeless	33	\$3,113,270	\$5,393,587
Total	44	\$4,280,750	\$7,198,881

Housing Development

Rick Whiting
Executive Director,
Auburn Housing Authority

There are phrases that you see on school chalkboards: fund-raiser, class project, math test. Those same phrases can be applied to a development project: raise funds, work as a team, and make sure the math is correct.

On the drawing board, the rehabilitation of historic Webster School in Auburn required all of those things and more.

Built in the early 1900s, Webster Grammar School was one of the first



junior high schools to be organized in New England. President Taft even spoke there. The school was a working landmark for more than 90 years, until its closure in 2006, and it is listed in the National Register of Historic Places. In 2008, the City of Auburn authorized its sale to the Auburn Housing Authority.

At that point, all of the lessons learned in school—and for Rick THIS particular school—needed to be drawn upon to finance rehabilitation of this site into a 28-unit multifamily home. Rick attended Webster School where he played football, and his sister grew up to become a teacher there.

“Once the state legislature passed the state historic tax credits to go along with the federal historic tax credits, it started

to be more feasible, but we weren’t there yet,” Rick said. “And then the American Recovery and Reinvestment Act (ARRA) funds became available, and the stars aligned...”

The principals at the City of Auburn, TDBank, MaineHousing, and others helped Auburn Housing Authority get its financing in line. “It was a long list of people to get on the same page in a short period of time,” Rick said. “We’re very happy that this could happen.”

Now families, seniors, and people with disabilities are living at Webster School. They are next to a greenway, with paths to ball fields, shops and bus lines. A day care is there, too.

“We needed to do this,” Rick said. “If not, it would have been like gutting out the heart of the neighborhood.”

Managing and Maintaining Existing Affordable Rental Housing

MaineHousing's Asset Management program ensures continued affordability of subsidized apartments. More than 7,400 low-income senior and 7,641 low-income family households benefited from our portfolio of 15,088 affordable rental units in 2011. An additional 2,933 households benefited from living in supportive housing units.

In 2011, MaineHousing successfully won a competitive bid to the U.S. Department of Housing and Urban Development for Performance Based Contract Administration (PBCA). That contract to oversee a portfolio of HUD properties is worth up to \$1.9 million over two years, and involves rental assistance worth more than \$65 million annually to Maine people. In addition, MaineHousing brought the computer processing functions for the PBCA portfolio in-house, resulting in improved efficiency and lower costs.

MaineHousing also offers a Section 8 Housing Choice Voucher (HCV) Program to help low-income renters to afford market rate units. In all, 3,952 vouchers were in use in 2011, providing \$25,504,069 in rental assistance. Sixty-three households with HCVs also benefitted from MaineHousing's Family Self-Sufficiency Program—a program that helps eligible HCV recipients find jobs and start savings accounts that can help them become self-sufficient.

To improve HCV program control, administrative efficiency, and customer service, MaineHousing is bringing the program in-house in 2012. Historically, MaineHousing offered the HCV program through local agents. During

MaineHousing Asset Management Portfolio

County	Family Units	Senior Units	Supportive Units	Total
Androscoggin	1,085	759	198	2,042
Aroostook	252	413	73	738
Cumberland	3,097	1,978	858	5,933
Franklin	78	147	0	225
Hancock	29	150	9	188
Kennebec	483	448	413	1,344
Knox	122	241	99	462
Lincoln	85	120	51	256
Oxford	173	309	55	537
Penobscot	593	1,144	561	2,298
Piscataquis	29	83	15	127
Sagadahoc	153	225	146	524
Somerset	93	116	42	251
Waldo	102	78	9	189
Washington	91	176	33	300
York	982	1,254	371	2,607
Total	7,447	7,641	2,933	18,021

2011, however, MaineHousing offered the program directly in 5 of 16 counties. By the end of 2012, MaineHousing will have phased out remaining contracts with local agents and will be offering the program directly throughout the program area.

Family Self-Sufficiency Program

Jackie Grenier
Randolph

It's difficult for a mother to even think these words—"my life is over." Jackie Grenier found herself repeating those words in her mind.

"I had no self esteem," she said, recalling that dark place in her life when she was struggling to get by. "I didn't have a car and I was walking everywhere. I was trying to find a part-time job. I was on disability. I still am. There are a lot of things I can't do."



But one day she brought herself to MaineHousing. Determination overtook despair.

"Walking through that door was so hard," she said. "I never asked for help in my whole life."

Jackie was eligible to receive a Housing Choice Voucher, and because of that qualification she was a candidate for the Family Self-Sufficiency Program, an effort that helps participants find jobs and start savings accounts. The savings then can be applied to rental security deposits, schooling, a business start-up—anything to put an individual or family on the track of independence and stability.

Jackie had a decision to make. Taking part in the FSS Program was entirely up to her. It would require goal setting, with help from a FSS program specialist, and a five-year commitment.

She signed up.

"My housing choice voucher ... getting the apartment ... it helped me out," Jackie said. "I got my self esteem back."

Jackie now has a car, a job, and a nice, safe home for her children to visit. And as a participant in MaineHousing's Family Self-Sufficiency Program, she has a savings account that she'll be able to use when she graduates from the program.

"They say when one door closes, another one opens. The voucher program ... it gave me a second chance."

Homeless Initiatives

Homelessness is on the rise in Maine, and it is no longer uncommon for shelters to turn away people who are homeless. Since 2007, the number of people served annually by Maine shelters has increased over 11% and the number of bed-nights has risen nearly 34%. Shelter stays also are becoming longer on average. With this in mind, MaineHousing invests not only in operation of emergency shelters, but also in mobilizing resources to help homeless clients rapidly achieve housing stability, and in preventing homelessness before it occurs.

During 2011, MaineHousing provided \$3,496,660 in Emergency Shelter Grant funds and other assistance to over 40 emergency and domestic violence shelters throughout Maine, which served 7,725 unique individuals and provided a total of 304,524 bed-nights.

Another 296 individuals or families who were homeless were provided short-term rental and other assistance to help achieve housing stability.

Support provided to those who received short-term rental assistance included:

- Connections to employment and training opportunities.
- Assistance to access medical services.
- Information and support for applying for General Assistance, longer-term rental subsidies, and other state and federal support services.

In addition, an eviction prevention project provided by Pine Tree Legal Assistance provided legal assistance to 764 low-income clients at risk of homelessness.

Stabilization Through Engagement Program (STEP)

William "Scott" Hill
Motel and conference center
maintenance worker, Bangor

From the age of 8, Scott Hill's best friends were alcohol and drugs. He says they gave him the boost and friendship he needed when he wasn't receiving the positive, encouraging words he should have been given from adults.



"I was never clean and sober and never thought of being clean and sober," Scott said.

Scott has spent about 25 years of his adult life in and out of prison. In 2011, when he was released on probation with "nothing," he went to a half-way house and counseling service. The counselors not only provided the tools to fight his addictions, they also referred him to STEP, a rapid re-housing effort designed to provide short-term rental assistance for 6-12 months while helping

participants achieve housing stability. Scott received help with a security deposit as well as discounted rent for almost six months while he secured a job.

Now he pays full rent, was promoted at his workplace, and is clean and sober.

"I never did a budget and I never followed a budget," Scott said. "STEP showed me how to do that, and I have to prove that I can do it. It's not easy. Yeah, it's stressful sometimes. But I can manage it without drugs and alcohol."

Scott checks in on a regular basis with Joe Locke, a MaineHousing STEP housing counselor, as well as his probation officer and his addiction counselor. He shows his budget and how he's staying on financial track.

He looks forward to the meetings because they're uplifting, he said, and that is a feeling he likes getting used to.

"Joe is so calm and cool," Scott said. "When I applied for STEP, it was a professional thing. I kept looking at him to see if he was looking down at me, and he wasn't. Now I can tell he's very proud of me and that makes me feel really good.

"I've found peace of mind."

Homeless Initiatives in 2011

	Units/Households Assisted	Resources Invested
Shelter Operating Subsidy	42	\$3,496,660
Tenant Based Rental Assistance (RAC+ /STEP)	296	\$1,170,064
Homeless Prevention & Rapid Re-Housing	1,714	\$1,402,000
Total	2,052	\$6,068,724

Energy and Home Improvement

Energy and Housing Services in 2011 included fuel assistance and emergency fuel assistance through the Low Income Home Energy Assistance Program (LIHEAP), and Home Weatherization and Home Repair programs.

About 1 in 9 Maine households (64,000) received fuel assistance in 2011, up about 32% since federal fiscal year 2007. This is slightly more than half of the estimated 120,000 income-eligible households. More than 1 in 5 households in the rural counties of Aroostook, Piscataquis, Somerset, and Washington counties relied on fuel assistance.

MaineHousing's tiered benefit calculation for fuel assistance ensured that higher

benefits were provided to the lowest income householders with the greatest needs. This was particularly important during the last two years when heating fuel prices rose dramatically at the same time as LIHEAP funding dropped about 34%.

LIHEAP Fuel Assistance in 2011

County	Households Receiving FFY* 2011 LIHEAP Benefits	Total Households	Percent Receiving Benefit
Androscoggin	5,494	44,040	12.5%
Aroostook	6,665	30,672	21.7%
Cumberland	5,275	116,616	4.5%
Franklin	2,461	12,498	19.7%
Hancock	2,777	23,300	11.9%
Kennebec	6,073	50,869	11.9%
Knox	1,938	16,945	11.4%
Lincoln	1,513	13,161	11.5%
Oxford	4,183	23,276	18.0%
Penobscot	8,707	62,282	14.0%
Piscataquis	1,679	8,037	20.9%
Sagadahoc	1,050	14,721	7.1%
Somerset	4,471	21,892	20.4%
Waldo	2,983	16,136	18.5%
Washington	3,333	14,177	23.5%
York	5,201	80,299	6.5%
Total	63,803	548,921	11.6%

*Federal Fiscal Year

LIHEAP Fuel Assistance 2007–2011

	FFY 07	FFY 08	FFY 09	FFY 10	FFY 11	FFY 12 as of 3/12/2012
Applications Taken	56,007	57,787	69,198	70,127	70,969	64,680
Households Served	48,223	49,951	61,295	63,588	63,803	52,761
Average Benefit	\$567	\$757	\$917	\$844	\$802	\$483
LIHEAP Base Grant Award	\$25,540,609	\$25,546,902	\$47,649,042	\$52,324,193	\$28,668,332	\$38,520,365
Supplemental LIHEAP Awards	\$6,950,896	\$19,288,554	\$28,643,659	\$5,895,401	\$25,688,631	\$0
LIHEAP Leveraging Award	\$156,376	\$333,866	\$189,894	\$189,894	\$189,894	\$0
Total	\$32,647,881	\$45,169,322	\$76,482,595	\$58,409,488	\$54,546,857	\$38,520,365

To improve home energy efficiency and reduce dependence on fuel assistance, MaineHousing invests in home weatherization. In 2011, nearly 2,800 low-income homes and apartments were weatherized using a combination of funds from the U.S. Department of Energy, U.S. Department of Health and Human Services, and the American Recovery and Reinvestment Act.

In addition, 134 households were assisted with home repair and rehabilitation, 145 households were made lead safe, and six homes that were beyond repair were replaced.

Home Weatherization in 2011

	Households Assisted	Resources Invested
LIHEAP (Low Income Home Energy Assistance Program) Fuel Assistance	63,803	\$51,286,906
Home Weatherization	2,799	\$18,099,708
Total	66,602	\$69,386,614

Home Improvements in 2011

	Households Assisted	Resources Invested
Home Rehab Program	74	\$1,971,051
Elderly Hardship	46	\$237,339
HomeRetro Program	14	\$207,778
Lead Hazard Control	145	\$1,394,762
Mobile Home Replacement	6	\$498,418
Total	285	\$4,309,348

Low Income Home Energy Assistance Program (LIHEAP)

Kristine L. Neil
Single mother of two, Mattawamkeag

Kristine Neil is a single mother with two children. They live in a small town in northern Maine where moose are more abundant than homes, and large amounts of snow are predicted in winter weather forecasts.

What's more in abundance, though, is her gratitude for Low Income Home Energy Assistance Program (LIHEAP) funds.

"As a single mother with two disabled children and on disability myself, times are hard financially, having to juggle bills, food and fuel for the car—no less fuel for our home," she wrote to case workers at Penquis Community Action Agency in Bangor.

"What a huge blessing LIHEAP and Penquis (are) each winter when our home

energy assistance comes through—usually with perfect timing as my oil tank is close to empty..."

Thinking back on early 2011, she recalled, "Yes! Just when I needed to be fueled up and had no money, like an angel from heaven I got a letter..." The letter let her know she would be receiving fuel assistance.

"Thank God. Thank the State of Maine. Thank Penquis. Thank LIHEAP."

Recovery Act Wrap-Up

MaineHousing responded swiftly to the influx of American Recovery and Reinvestment Act funds in early 2009, putting them to use statewide to build affordable rental housing, weatherize low-income homes, and rapidly re-house people who were homeless. Most of the money was allocated within two years of the three-year program, putting Maine in the Top 10 of states with successful program management.

Weatherization: MaineHousing and its partners at community action agencies statewide weatherized 5,469 homes in less than three years using ARRA funds from the U.S. Department of Energy. That is equivalent to the total number of homes that were weatherized in the previous 6-1/2 years. The number is even more significant when considering that the average per-unit weatherization price limit was upped to an average of \$6,500 from an adjusted average of approximately \$3,000.

The weatherization efforts are saving low income families money. An independent audit of pre- and post-weatherization fuel bills showed families saving 25.6% on energy bills and another independent audit found the tighter homes to be 30% "less leaky."

At the height of the weatherization effort, MaineHousing and the community action agencies employed 198 fulltime equivalent workers on weatherization efforts statewide. In addition, more than 110 weatherization vendors were employed, two-thirds more than before ARRA.

Weatherization Program

Bobbi Harris

Housing Director, Washington-Hancock Community Agency

Bobbi Harris was sitting in front of MaineHousing's Board of Commissioners at one of its spring meetings advocating for the new statewide weatherization plan that was due to the federal Department of Energy in a few weeks. In her hand was a piece of paper she felt was the reason why the federal agency now was giving Maine additional weatherization funds.

It was a letter from a customer. "This one gets to me," Bobbi said.

The letter writer didn't know the acronym ARRA or anything about the overwhelming success of MaineHousing and community action agencies in rapid deployment of ARRA's weatherization funds. The writer didn't know that MaineHousing and its partners put the funds into communities in the first two years of the three-year program period, and were receiving additional funds as a result.

All the letter writer knew was the four-letter word "warm."



"I am 92 years of age and have lived in this old house since 1946," the letter began.

"When my wife died in 1985 I have continued living here and it has been pretty quiet with not many phone calls and not too many people stopping by," the unidentified writer said. "But then the contractors arrived with their big truck. Everything changed! Up in the attic, down to the basement and every place in between!

"The weather wasn't too good and I felt sorry for them, putting on boots and jackets and then removing them after coming back inside. Every day before leaving, they would clean up any mess that they might have made. On their last day, they returned all things back to their original places and did a good job of cleaning and using the vacuum cleaner.

"Before they left, I thanked them for a job well done and that I would miss them and all their banging and hammering!

"I think they did a great job – and now everything is quiet and I'm warm.

"Thank you very much."

After Bobbi and the Washington-Hancock Community Agency received the letter, the gentleman's life became an active one. Community service groups now visit or call on him regularly to provide social services and friendship. And at least once a month he telephones them to chat.

The ARRA weatherization allocation included a \$7.3 million Training and Technical Assistance grant of which more than \$3 million was used to train or recertify weatherization technicians and energy auditors. Training was conducted in the field—including extensive hands-on experience weatherizing homeless shelters—and at four Weatherization Training Center

pressure houses set up at community colleges. These houses were funded by a separate \$880,000 DOE grant under ARRA. Also, MaineHousing revised its weatherization standards, and put in place systems to monitor and track energy savings.

Approximately \$4 million of the T&TA funds were repurposed, and a portion of the funds still are in use to weatherize an additional 620 homes.

Affordable Housing Development: The combination of the Tax Credit Assistance Program (TCAP) and Section 1602 Tax Credit Exchange Program under ARRA allowed MaineHousing to reallocate its resources and jumpstart affordable housing projects that were either stalled, in the pipeline, or in significant danger of being delayed or not completed at all. Thirteen projects with 506 total units were completed during the ARRA years, considered to be the largest construction undertaking in Maine during this period.

MaineHousing initially received approximately \$10.7 million for TCAP from the U.S. Department of Housing and Urban Development. After allocating 100 percent of the funds, MaineHousing received \$1.55 million for one additional project bringing the total to \$12,240,750. Approximately \$344,000 was returned when that project's final cost came in significantly under budget.

MaineHousing obligated almost \$11.9 million of the TCAP funds to five projects. The Mill at Saco Falls, 66 new-construction units in Biddeford; Munjoy Commons, a rehabilitated 39-unit development in Portland; and Spring Crossing, 34 new-construction units in Westbrook, are completed and occupied. Cascade Brook, a 30-unit complex in Saco and Park Street, a 30-unit undertaking in Kennebunk, are still under construction and will be completed in 2012.

Weatherization and energy efficiency efforts went beyond tightening up homes. In addition, 124 homes also benefitted from the Sustainable Energy Resources for Consumers program, which funded solar hot water tanks (5 units), tankless/on demand hot water units (6), Energy Star clothes washers (25), in-home energy monitors (43), and window upgrades (35).

The Section 1602 Tax Credit Exchange Program became available when nationally there was not enough equity available to buy credit due to the economic downturn of 2008. Credit pricing was dropping to below 65 cents per dollar. ARRA funds brought a significant boost, returning credit pricing to preferred levels of 85 cents per dollar or higher. MaineHousing received more than \$24.8 million in Section 1602 funds that was invested in 11 projects, with a few of those projects also receiving TCAP.

Homeless Prevention and Rapid Re-Housing Program (HPRP): HPRP funds were critical for helping individuals and families connect with services during tough economic times. Case managers helped connect clients with general assistance,

employment and job-training options, medical services, housing assistance, and other support.

Three distinct programs under the HPRP umbrella provided homeless prevention or rapid re-housing assistance to eligible individuals and families. MaineHousing partnered with Maine Department of Health and Human Services to administer a portion of ARRA funds. Nearly \$6.6 million was invested to help individuals and families achieve housing stability.

“The Engagement and Housing Stabilization Program” was a two-year effort to serve individuals with apparent or diagnosed mental illnesses or co-occurring disorders from emergency housing need to

stability. Individuals served in this initiative were those who faced the most significant challenges to becoming stabilized and who tended to use more emergency shelter and other emergency services.

“The Homeless Diversion and Prevention Program” also was a two-year effort in which housing retention and stability specialists worked with individuals and families who were at imminent risk for homelessness or already homeless.

“The Homeless Advocacy Project” at Pine Tree Legal Assistance provided legal services to low-income people facing eviction to minimize the risk of immediate homelessness.

Tax Credit Exchange Program

John Gallagher
Executive Director,
Westbrook Housing Authority

When the Spring Crossing proposal was first pitched, John Gallagher knew it was a good one. The 34-unit new construction complex for low-income seniors would be located in downtown Westbrook near trails, shops, personal care offices, and the library. It would provide a boost to the downtown area while serving the needs of its tenants.



“From that perspective, it hit all the points that we wanted,” John said. “From that perspective, it hit a home run.”

The plan needed financing, but the developer’s 2008 application for 9% competitive Low Income Housing Tax Credits was not selected. The project would not have been viable to re-compete in 2009 without the funding from the American Recovery and Reinvestment Act.

In July 2009, Spring Crossing Associates, LP, part of the Westbrook Housing Authority, submitted an application to MaineHousing for funds to help cover an estimated total development cost of \$5.3

million. The project received funding from the Tax Credit Assistance Program and the 1602 Tax Credit Exchange Program, and a nominal allocation of low income housing tax credits.

“ARRA funds filled the gap, and that was a bonus for us,” John said.

Westbrook Housing Authority would not have been able to complete Spring Crossing without ARRA funds, creating construction jobs and homes. Tenants began moving in upon completion in August 2011.

“It’s done. It’s leased. And it’s full,” John said. “It’s a good-looking development.”

Financial Summary

As a result of program operations and financing activities, net operating income was \$3.7 million and net assets increased 1.2% to \$322.2 million. Baker, Newman & Noyes, MaineHousing financial auditors, found that:

- Profitability was negatively impacted in 2011 by volatile financial and mortgage loan markets and depressed short-term interest rates.
- Short-term interest rates continued to be near historically low levels throughout 2011 resulting in a further reduction in non-mortgage investment earnings.
- Total federal program revenues decreased by \$18.8 million or 9.4% to \$180.7 million due principally to the completion of programs associated with the American Recovery and Reinvestment Act (ARRA).

For the years ended December 31, 2011 and 2010 (millions of dollars)

Balance Sheet	2011	2010
Assets		
Cash & Investments	\$422.7	\$466.6
Mortgage & other notes rec.	\$1,407.5	\$1,379.2
Other Assets	\$74.5	\$57.8
Total Assets	\$1,904.7	\$1,903.6
Liabilities		
Deferred Income	\$32.1	\$28.8
Mortgage Bonds payable	\$1,454.7	\$1,473.9
Other Liabilities	\$95.7	\$82.4
Total Liabilities	\$1,582.5	\$1,585.1
Restricted Net Assets	\$305.9	\$302.0
Unrestricted Net Assets	\$16.3	\$16.5
Total Net Assets	\$322.2	\$318.5
Revenue & Expenses		
Revenues		
Interest from Mortgages & Notes	\$69.6	\$70.1
Income from Investments	\$6.2	\$6.0
Grants & Subsidies	\$183.6	\$197.4
Other	\$11.8	\$11.3
Total Revenues	\$271.2	\$284.8
Expenses		
Operating Expenses	\$21.9	\$21.7
Provision for losses	\$1.9	\$1.4
Interest Expense	\$61.9	\$61.2
Grants & Subsidies	\$181.8	\$199.2
Total Expenses	\$267.5	\$283.5
Total Change in Net Assets	\$3.7	\$1.3

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