

# MAINE STATE LEGISLATURE

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**MaineHousing**  
Maine State Housing Authority

# Annual Report 2014



**BUILDING ON  
45 YEARS**



*John Gallagher*  
Director



*Peter Anastos*  
Board Chairman

## Message from Board Chairman and Director

# Meeting the need for 45 years

**M**aineHousing is commemorating its 45th anniversary by continuing to be true to its mission: to assist Maine people in obtaining and maintaining quality affordable housing and services suitable to their housing needs.

From its humble beginnings in 1969, in a small house with a two-person staff and a \$104,000 two-year budget, MaineHousing has grown into a \$1.7 billion financial institution that is an essential provider of affordable rental and homeownership opportunities for Maine people.

Since its first year, MaineHousing has financed more than 1,000 multifamily housing projects that contain over 20,000 housing units. We've financed the purchase of an estimated 29,580 single family homes for Maine first-time homeowners.

The past year has seen significant shifts in the housing market. Although interest rates were historically low, homes sales declined. More people were looking to rent at a time when the affordability of rents — the gap between what people can pay and the cost of rents — continued to worsen. The challenge for MaineHousing was to meet the growing

needs for affordable housing with increasingly limited resources.

We are proud to say that in 2014 MaineHousing was able to weather these uncertainties and maintain a stable and cost-effective approach to meeting Maine's housing needs. We continued to keep development costs down. We focused on our supportive housing portfolio and invested in these properties to assure their future ongoing contribution to our housing capacity. Unlike other state housing finance agencies, MaineHousing maintained our bond-financial program for first time homebuyers. We maintained a sound financial footing during these uncertain times and, as a result, are well poised for the future.

MaineHousing today faces many of the same challenges it did in 1969, and is challenged with some new ones: an increasing number of seniors, domestic violence survivors, human trafficking victims, children exposed to lead paint, and individuals who are homeless.

Maine is a state with an older population, and we are trying to determine how seniors will want to live as they age. Research data provide insights and trends, but we're faced



## 2014 Board of Commissioners

### **Peter Anastos**

Co-founder and Principal,  
Maine Course Hospitality Group,  
Falmouth

### **Adam Bradstreet**

Field manager in the  
construction sector

### **Neria Douglass**

Treasurer of the State of Maine

### **John Gallagher**

Director of Maine State Housing Authority

### **Sheryl Gregory**

Real estate broker with Homestead Realty,  
Winthrop

### **Kevin Joseph**

Owner, Joseph's Market;  
Co-owner, Joseph's Fireside Steak House,  
Waterville

### **John Marsh, Jr.**

Senior Vice President of Commercial Lending  
and Community Development,  
Bath Savings Institution, Bath

### **Lincoln J. Merrill, Jr.**

President and Chief Executive Officer,  
Patriot Insurance Co., Yarmouth

### **Donna Talarico**

Senior Vice President and Marketing Manager  
for Residential Lending, GuaranteedRate.com,  
Portland

with a population that may not have made up their minds yet. With advances in medical technology and internet connectivity, the delivery of health care services into a home — or factored into senior housing development plans — will be a major consideration in any decision on where seniors choose to live.

Victims of domestic violence and sexual assault remain in need of emergency and transitional housing to escape the abuse, and that includes an emerging population of victims — the elderly.

We are aware that a growing number of victims of human trafficking, too, seek safety. We are working in partnership with other service providers and the Maine Legislature to open a safe home to serve them.

A concern that still exists is lead poisoning in children. More than 30,000 Maine children under the age of six live in houses with lead paint according to the U.S. Census Bureau. Through information and education, property owners are turning to our lead remediation

program to seek help removing this dangerous substance from their units.

To rapidly re-house individuals who are homeless, we've taken bold steps. The Home to Stay Program, which matches a shelter guest with a navigator to craft a stable housing plan, has served more than 870 individuals representing 650 households in its first year.

The Long-Term Stayer Initiative addresses permanent housing needs for the hardest-to-serve clients with mental health and substance abuse issues. Since its inception in mid-2014, we've seen a marked decline in the number of long-term shelter stayers.

We are not finished by any measure.

We must continue to find innovative ways to meet the changing housing needs of Maine people and deliver highly efficient and effective financial products and programs that improve affordable housing options. We are laying the groundwork today for 2019 — our 50th anniversary.

## Long-serving homeless advocate, Board of Commissioners member retires

In 1985, when MaineHousing was a mere 16 years old, a man with a background in substance abuse services walked into a beat-up old brick building with peeling lead paint to be director of what was then the York County Alcoholism Shelter in Alfred, Maine.

Back in 1979, it seemed to be a good idea to take a dilapidated building made unusable when inmates tore it apart during a riot and turn it into residences for alcoholics and people with mental illness.

Six years later, it would have been easier for Don Gean to turn around, walk away, and not take the job. But people needed help and the building provided the foundation to give that help. And Don, who is pretty easy going with his wicked sense of humor and laid-back demeanor, can fool you. He's not shy of challenges.

When Don retired as director from what is now called York County Shelter Programs, Inc. in 2014, the former member of the MaineHousing Board of Commissioners had set a strong, solid example of how to make good use of whatever resources were available, whether it was scrap wood, day-old bread, a farm next door, or federal dollars. He built a multi-program operation that not only offers a bed for the night and a sandwich to eat, but mental health and substance abuse treatment, vocational training, and transitional and permanent housing solutions.

The shelter was awarded the first transitional housing grant in the country after the Stewart B. McKinney Homeless Assistance Act was passed in 1987. Don led the charge statewide for shelters to provide more transitional



*Don Gean stands in front of the former York County Alcoholism Shelter in Alfred, Maine. (Courtesy photo)*

and permanent housing. For some clients, that included being placed on a path to homeownership.

"Don's vision isn't just to provide an overnight bed for the homeless and kick them out in the morning," says MaineHousing Director John Gallagher. "It is to help them find a way off the street and into permanent housing."

The shelter's initial annual budget was \$76,000. Today, it's \$5.2 million, which supports an emergency shelter, food pantry, two free-meal kitchens, a bakery, a working farm, 36 residences in three towns, and solar panels that help cut down on energy costs. Shelter guests may work



*Former MaineHousing Board of Commissioners member Don Gean and Director John Gallagher*

in the bakery or on the farm, as both operations not only provide job training but food for the programs.

More than 400 clients are served daily, with a program recidivism rate of 5.3 percent.

“Just providing an overnight bed is not hard. Anyone can fill up an emergency shelter. The trick is emptying the damn thing out,” Gean said in a Maine Sunday Telegram article about his retirement. “If you expect to solve the problems that homeless people come with, then you’ve got to address them yourself.”

Don is not completely walking away from the issues of homelessness. He’s written a collection of stories gleaned from his experiences working with individuals who are homeless, truly gritty recollections of people who may have spent two to three hours getting drunk just to survive on a planet they no longer wanted to be on.

**Don served seven years on the MaineHousing Board of Commissioners, ending in 2013**

His manuscripts will be fine-tuned while he attends a writers’ workshop in the same barn in which Ernest Hemingway wrote, and hopefully published.

Society and social workers are always going to try to identify why others are homeless, Don says. They’ll break it down into subsets such as mental illness, substance abuse, domestic violence, sexual or emotional abuse, and so on.

“They can keep breaking it down even more,” he says. “The one common denominator is that they’re poor. They don’t have any wealth.”

Don envisions a time maybe five years down the road when the “dogfights over Band-aids” – a reference to squabbling over money to finance the operation of emergency homeless shelters – end and the treatment of peoples’ needs first becomes commonplace. Within 72 hours of entering a shelter, an individual will undertake a services evaluation, and be placed on a path to securing a home. He sees this already in the works, and is pleased with the progress.

He cherishes results. A “drunk” in one of his stories now is sober and owns a home.





*MaineHousing in 1969*



*MaineHousing today*

## Our Mission. Our Goals.

### Governance

In 1969, the Maine Legislature declared “that there exists in urban and rural areas in the state unsanitary, unsafe, and overcrowded dwelling accommodations; this in such urban and rural areas within the state there is a shortage of safe and sanitary dwelling accommodations available at rents or prices which persons, particularly veterans, of low income can afford ...”

In making this declaration, the Legislature acknowledged the need for a state agency to provide assistance in the financing and construction of decent housing for lower income people. On October 1, 1969, Governor Kenneth M. Curtis signed into law a bill creating such an agency, the Maine State Housing Authority.

Today, MaineHousing continues to provide financing for the development or rehabilitation of affordable housing, plus more. It funds nearly 4,000 Section 8 vouchers annually, provides federal financing for almost 800 Project-Based Voucher properties that house 18,713 units, funds homeless initiatives including rapid rehousing efforts, issues Low Income Home Energy Heating Assistance to more than 45,000 households, plus performs home repairs, lead paint mediation, and other services.

MaineHousing stays true to its mission, vision of success, and values while helping more than 90,000 individuals or families each year.

### 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.

### Values

Passionate and committed.  
Thoughtful and caring.  
Professional. Accountable.  
Responsive. Innovative.



### Goal 1: Improve Housing Quality

*MaineHousing will improve the quality of housing in Maine and extend its useful life by reinvesting in our existing housing portfolio and by seeking investment opportunities in other multifamily and single family properties throughout the state.*

*We will seek to assure the long term viability of projects by increasing reserves and promoting operational efficiencies.*

*We will incent landlords to improve properties and to provide long term quality housing.*

### Goal 2: Expand the Supply of Affordable Housing

*The existing inventory of affordable housing does not meet the existing need.*

*MaineHousing will use the Low Income Housing Tax Credit program to expand and improve the supply of affordable housing.*

*MaineHousing will continue its efforts to reduce the per-unit cost of new development.*

*MaineHousing will also explore new financing mechanisms to expand the supply of affordable multifamily and single family housing.*

*MaineHousing will seek to stretch rental subsidies.*

### Goal 3: Help Maine People Attain Housing Stability

*Many Maine people are assisted by MaineHousing and our partners in meeting their housing needs. Housing stability, the ability of Maine people to obtain and maintain affordable housing, is essential to our ongoing efforts to provide quality affordable housing.*

*MaineHousing will implement strategies to reduce the foreclosure rate of homeowners, to lower heating costs for homeowners through energy assistance and weatherization, and to provide support for low income renters who are barely able to pay for their housing, and to help individuals and families who are homeless to obtain housing.*



### Goal 4: Provide Leadership in the Housing Field

*MaineHousing will identify priority housing needs within Maine and will focus its resources on addressing these needs.*

*MaineHousing will promote strong communities and support economic development.*

*MaineHousing will engage in ongoing housing needs assessments to inform community and housing providers' planning processes.*

*MaineHousing will convene stakeholders to explore and share innovative housing solutions that address regional needs and priorities.*



# Milestones

## 1969

Maine Legislature creates Maine State Housing Authority and appropriates \$104,000 in funding for first two years. Two employees.

## 1970

Maine Supreme Court upholds right of Maine State Housing Authority to sell tax-exempt bonds without pledging credit of State of Maine.

## 1972

First bond sale (\$20 million).

## 1974

MaineHousing makes first homeownership loans for \$23 million.

## 1975

Becomes first agency in the country to link new construction of elderly housing with Section 8.

## 1980

Agency finances first group home for developmentally disabled, and first energy loans.

## 1982

Maine Legislature approves the creation of state Housing Opportunities for Maine

(HOME) fund to help overcome federal restrictions; agency responds with record \$90 million in bond sales to finance 1,300 homes and 800 low income units.

## 1983

Agency provides \$125 million in new capital to homeownership market.

## 1984

MaineHousing brings homelessness to public attention; uses \$1 million of HOME money to finance emergency shelters.

MaineHousing awarded new HUD Rental Rehab Program funds.

## 1985

Legislation approved to finance HOME fund with transfer tax revenues.

## 1989

Maine voters approve first ever General Obligation bond sale (for \$15 million) for various housing initiatives.

## 1990

New record bond sale of \$210 million.

Agency reaches milestone with more than \$1 billion in assets.

## 1991

State transfers heating assistance and weatherization programs to MaineHousing. With the move, agency becomes administrator of the federal Low Income Home Energy Assistance Program, and works with nine community action agencies statewide to assist low-income individuals and families.

Agency starts new program to preserve existing low income rental housing.

## 1992

MaineHousing gets allocation under new federal HOME program.

Homeownership program offers lowest rate in agency's history at 5.75%.

## 1994

Agency plans major new program to repair homes of very low income homeowners.

## 2012

MaineHousing moves its administration of Section 8 Housing Choice Voucher Program from regional contractors to main office in Augusta.

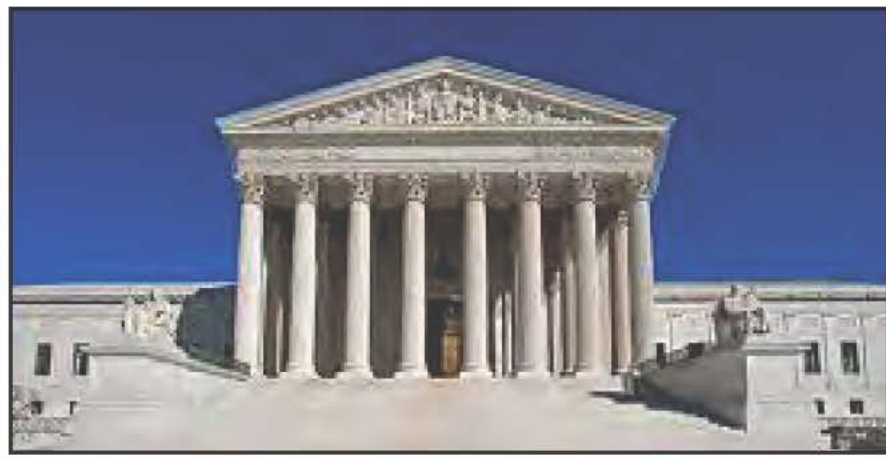
Homeownership program offers lowest rate in agency's history at 2.99%.



# **Accomplishments**



## U.S. Supreme Court



### **Court: “Automatic” contracted rent increases limited by comparable market rents**

**I**n January 2014, the United States Supreme Court decided not to consider an appeal by five owners of multi-family low income housing projects that have Section 8 Housing Assistance Payments (HAP) contracts with Maine State Housing Authority (MaineHousing).

The property owners alleged that MaineHousing breached their original HAP contracts by not continuing to provide automatic increases in rental subsidy under Section 8 of the United States Housing Act of 1937. MaineHousing, however, countered that Congress placed an overall limitation on contractual increases if the contract rents exceeded comparable market rents in the area.

The property owners provided Section 8 Project-Based Rental Assistance units to income-eligible tenants. MaineHousing administers the program on behalf of the U.S. Department of Housing and Urban Development (HUD).

An increase in the number of cases where contract rents far exceeded comparable market rents throughout the country led Congress in 1994 to limit rental subsidy increases to situations where the owner was able to demonstrate by market study that the increased rents would not exceed the comparable fair market rents charged in the marketplace. HUD issued instructions on how to implement the law, which MaineHousing followed.

The U.S. Supreme Court was the last judicial step for the property owners after two rulings in favor of MaineHousing and HUD in the lower courts — the U.S. District Court as well as the U.S. First Circuit Court of Appeals — which found that any increase was conditioned upon an “overall limitation” provision in the contract that ensured that rent increases would not result in a material difference between subsidized and market-rate rentals.

Its decision to let stand two lower court rulings can be applied to other state housing authorities facing similar challenges to HAP contracts, and to tenants needing an affordable place to live.

## National Recognition



### Home To Stay Program earns top NCSHA honor

**M**aineHousing's Home to Stay Program, a rapid re-housing initiative that promotes change within shelters to utilize a Housing First model of service, was honored by the National Council of State Housing Agencies for program excellence. MaineHousing was one of the two top honorees in the Special Needs Housing for Combatting Homelessness category.

The goal of the Home to Stay Program is to move participants quickly from homelessness to appropriate housing opportunities while providing ongoing stabilization services. Sixteen shelters throughout Maine take part in the program, and at each a Housing Assistance navigator triages shelter clients, works with them to identify barriers to housing stability, and creates with them a housing stability plan.

The essence of this program is the word "navigate." The trained resource navigators assist program participants in learning and gaining valuable skills that will meet their health, housing, employment, and other basic needs in order to overcome barriers to obtaining and maintaining housing. They continue to support clients beyond their exit from the shelter, and connect on a monthly basis for up to 12 months.

To ensure success of the Home to Stay Program, MaineHousing established key performance-based benchmarks, including a reduction in lengths of stay, exits to permanent housing, and returns to the shelter.

The Home to Stay Program is integrated with the Stability through Engagement Program, which provides rental assistance for up to 12 months, and the Section 8 Housing Choice Voucher Program. It's showing results. In a year's time, 851 individuals in 643 households received 7,303 services. More than 70 percent are in permanent housing.



## Maine Island Housing Initiative



*A barge carrying a crane leaves Mount Desert Island for an affordable housing project on Great Cranberry Island.*

### Affordable housing dotting Maine's islands

The Maine Island Housing Initiative was created in response to the non-profit Island Institute and other groups' interests in helping to provide affordable housing in island communities as a way to attract year-round residents.

Maine has more than 3,000 islands, and at one time more than 200 islands had year-round communities. Only 14 can make that claim today.

In 2010, MaineHousing granted a one-time award of \$2 million to year-round island communities to help build affordable rental units. In June 2014, the last of the affordable housing projects on seven Maine islands was completed. The site was Great Cranberry Island, a community located more than 40 minutes by boat off the coast of Mount Desert Island.



*Two Maine Island Housing Initiative houses.*

Under this initiative, a minimum of two dwelling units per island were built. State funding was limited to 80% of the total cost and not to exceed \$175,000 per unit. The balance of development and construction costs were the responsibility of the island communities and could come from contributions, including other grants, donations of land, materials and/or labor, and mortgage loans to a feasible extent.

In total, 12 housing units and a six-unit apartment building were added on the islands.



*(Top) A section of one of the modular homes leaves Mount Desert Island for Great Cranberry Island. There, (above) a crane lifts and positions the section in place.*

The Island Initiative was a huge helping hand to forward the cause, complementing ongoing efforts by islands to develop affordable housing on their own through private fundraising efforts, in recognition of the importance of preserving their communities and schools. They continue to seek ways to attract year-long residents to join them.



*Photos by Joe Keeney, 4RotorFilming.com, from drone video taken for Cranberry Isles Realty Trust. Reprinted with permission.*



*Lincoln Green Apartments in Old Town, Maine, is one of eight properties acquired by Weston Associates.*

## **MaineHousing and Weston Associates of Boston ink record transaction**

The largest acquisition and rehabilitation transaction in MaineHousing's 45-year history began in earnest on the first day of the new year 2014. The day before, MaineHousing received eight applications from Weston Associates of Boston to renovate and manage eight existing Section 8 projects, primarily in the central Maine area.

When the deal was completed a little over a year later, it totaled nearly \$50 million in development costs and resulted in more than \$25 million in new loans for MaineHousing, with the funding coming from tax exempt bonds and 4% Low Income Housing Tax Credits.

The MaineHousing team working on this deal included staff from our Legal, Development, Treasury, Asset Management, and Administration departments.



*Michael Packard of  
Weston Associates*

The properties are a mix of family and elderly, and are located in Lewiston, Auburn, Sabattus, Wilton, Augusta, and Old Town. Overall, this transaction will positively impact nearly 350 Maine families by preserving existing affordable housing and strengthening MaineHousing's bottom line.



## Brookside Village Apartments, Farmington



*Solar panels (above) are a fixture on the Brookside Village Apartments in Farmington, Maine.*

### First “Net Zero” senior housing project opens

Maine’s western mountains are known for skiing and other winter activities, and for those adventures you need cold weather. People who live there during the winter need heat and hot water when indoors. Now imagine that these two necessities are not produced by fossil fuels.

That’s the reality at Brookside Village Apartments in Farmington, a 32-unit project for seniors that is MaineHousing’s first “net zero” financed development. No fossil fuels will be used to provide the heat or domestic hot water. Instead, a combination of geo-thermal pumps and solar panels will provide whatever the residents need.

MaineHousing will monitor the project’s operating performance over its lifetime.

The independent living residence is for people with low incomes who have disabilities or are 62 years or older. All units were spoken for prior to the June 2014 grand opening, and other hopeful residents are on a waiting list.

The project successfully competed in USDA-Rural Development’s “515” program, which provided \$1 million in development capital and rental assistance for all 32 units. MaineHousing provided more than \$2.6 million in financing and 4% Low Income Housing Tax credits.



*Superintendent Chuck Pollock says the facility uses geo-thermal and solar panel systems as energy efficient ways to provide heat and electricity. (Morning-Sentinel photos by David Leaming.)*





*The former Cony High School in Augusta will open in fall 2015 as affordable senior housing.*

## Housing investments in Maine communities

**M**aineHousing-financed developers completed 185 newly constructed or rehabilitated rental units in several Maine communities through its Low Income Housing Tax Credit Program in 2014. In addition, another 629 single family housing units were either weatherized, repaired, or had lead hazards abated, which added to the value and affordability of the homes.

The agency's Supportive Housing Repair Grant Program made available \$650,000 in funding to owners of seven older supportive housing properties so they could make necessary repairs and improvements to their properties, which were identified through

property inspection reports and capital needs assessments.

In an effort to keep affordable housing available to lower-income households, MaineHousing modified its project ownership transfer requirements into a streamlined and efficient process for property owners wishing to transfer ownership of their developments.

In all, MaineHousing projects combined for a total investment of nearly \$25 million in 2014.

According to the National Association of Homebuilders, the estimated one-year impact of constructing 100 apartments can bring



*The shuttered Hodgkins School in Augusta soon will become affordable senior housing after being awarded Low Income Housing Tax Credits in the 2014 Qualified Allocation Plan.*

an additional \$11.7 million in local income, \$2.2 million in taxes and other revenue for local governments, and create 61 local jobs.

Spending \$1 million on the rehabilitation of existing structures for residential use can add \$841,000 in local income, \$71,000 in taxes and other revenue for local governments, and create 11.5 local jobs.

MaineHousing stimulates investment in housing throughout Maine through the issuance of tax exempt bonds; acting as a pass-through for federal aid and subsidies; and by leveraging additional federal grant money. The agency also receives a portion of the state's real estate transfer tax.

Since its inception in 1969, MaineHousing has financed an estimated 1,000 multifamily housing projects that were new construction as well as acquisition and rehabilitation properties. MaineHousing's current portfolio consists of 788 multifamily housing projects containing 20,853 elderly and family residential units.



*Penobscot Terrace in Old Town was rehabilitated in 2014 to continue providing affordable housing.*

## Mobile Home Replacement Initiative



*Deborah Mallett outside her new mobile home in Augusta.*

### Living the American Dream of owning a new home

Deborah Mallett of Augusta was taken aback when her landlord said she could buy the early-1970s mobile home she was renting.

“I felt like I was living the American dream,” she recalled. “I’ve got a home that’s mine!”

Then the reality of owning a pre-1976 mobile home began to hit her – and hard. Within five years, the floors were soggy and sagged. A hole formed outside the bathroom, and at night she was afraid of falling through it.

“There are some things in a home that are so old you can’t fix them,” she said. “They don’t make parts for them anymore.”

As the mobile home aged, it relented to Maine’s winters. Deborah wouldn’t sleep much at night because she was concerned her water pipes would freeze. She’d get up to make sure the water was on and going down the drain. It was so drafty that Deborah needed to staple four sheets of plastic to each window in an attempt to keep out the cold, and then would huddle under blankets.

Each year, when Maine winters eased to

spring, Deborah began to have respiratory problems. Warmer temperatures fed the mold that was growing inside her walls.

“You don’t live like this because you enjoy the circumstances,” she said. “You make do with the circumstances that you have.”

In late 2013, Deborah, who is retired after more than 30 years in veterans services, heard about MaineHousing’s Pre-1976 Mobile Home Replacement Program, which gave up to \$30,000 to eligible homeowners who bought a new energy-efficient mobile home. The money from the limited-funding program covered most of the costs associated with removing the old mobile home and placing the new one on the same site. More than 60 old, obsolete mobile homes were replaced during the length of the program.

It was a year-long process for Deborah to secure the mortgage, find a home, remove the old one, and get the site ready for the new mobile home. But it was worth it.

“For three weeks after I moved in, I got up in the middle of the night to turn the water on,” she said. “I went to bed and was warm.”



## Housing Facts for Maine - 2014

### Homeownership Affordability

Maine

Androscoggin County  
Aroostook County  
Cumberland County

Year	Index	Median Home Price <sup>1</sup>	Median Income <sup>2</sup>	Income to Afford Median Home Price
2010	0.88	\$165,000	\$48,405	\$55,000
2011	0.97	\$162,000	\$45,695	\$47,000
2012	0.96	\$165,000	\$45,530	\$47,000
2013	0.97	\$169,900	\$47,728	\$49,000
2014	1.04	\$170,000	\$49,747	\$47,000
	1.26	\$125,000	\$45,443	\$38,000
	1.41	\$85,000	\$35,321	\$29,000
	0.87	\$237,000	\$58,423	\$60,000

## Housing becomes affordable, rentals still are not

For the first time in the 15 years that MaineHousing has calculated housing affordability in Maine, the affordability index shows that the statewide single-family home market now is affordable. The rental market, however, continues to be unaffordable.

For 2014, the Housing Affordability Index is 1.04. (Above 1.0 is affordable.) The median home price was \$170,000 and the median income was \$49,747 — about \$2,200 more income than what is needed to afford the median home price.

Rental affordability and unit availability is becoming a big issue given that Maine, like the rest of the nation, is trending towards renting versus owning, according to data from the U.S. Census Bureau's American Community Survey. It shows that renter-occupied units grew 6.8% from 2007-2012, while owned units grew 0.1%.

A number of factors appear to be driving this change. The 2007 recession saw a rise in foreclosures dispersing residents into either rentals or shared occupancies. Combined with the impact of higher unemployment and

slow income growth, renting appeared to be a better option. And, rentals have less space making them an attractive option from a heating-cost perspective.

Renters, too, are more cost burdened than home owners, with more than 30 percent of their income going towards housing expenses, thus affecting their ability to save for a down payment to buy a home.

For 2014, the Rental Affordability Index is 0.84. The average two-bedroom rent was \$872 and the rental median income was \$29,143. To afford the median two-bedroom rent, a household would need an income of \$34,865 or rents to come down to a median of \$729, which is unlikely.

According to our analysis, 57.8% of renter households are unable to afford an average two-bedroom rent, or 92,844 out of 160,766 total households.

MaineHousing uses the Maine Listings multiple listing service, published rents, utilities and allowances, and demographics to calculate the housing and rental indexes.



# 2014 Program Accomplishments

## Asset Management

798 properties  
18,713 units in portfolio

**Section 8 administration**  
5,378 units on behalf of HUD  
2,680 on behalf of MaineHousing

## Development

15 total projects completed  
229 total units  
\$190,252 average cost per unit  
3 family projects, 61 units  
5 senior projects, 124 units  
7 supportive projects, 44 units

## Energy and Home Improvement

**Home repair program**  
26 units  
\$522,576 program dollars/fees

**Home retro projects (Alpha One)**  
23 projects  
\$133,820 project dollars/fees

**Elderly hardship grants**  
47 households  
\$278,455 program dollars/fees

**Lead Hazard Control Grant**  
72 households assisted  
\$8,644 average cost

**Mobile Home Replacement Pilot Program**  
13 households assisted  
\$87,463 average cost per home

**Weatherization**  
531 households assisted  
\$3,774,847 program funds

## **Central Heating Improvement Program (CHIP)**

1,493 households assisted  
\$2,465,225 program funds

**Weatherization Supplemental**  
216 households assisted  
\$969,208 program funds

**Low Income Home Energy Assistance Program (LIHEAP)**  
45,546 households assisted  
\$29,867,357 funds paid  
\$658 average benefit

**Low Income Assistance Plan**  
24,471 households assisted  
\$7,967,138 program funds

## Homeless Initiatives

42 shelters assisted  
\$2,264,781 financial support  
949 shelter beds  
358,320 total bednights

**Stability through Engagement Program (STEP)**  
62 new households assisted  
118 total households  
\$3,700 average amount of assistance

## Homeownership

482 mortgages  
(419 first-time homebuyers)  
\$50.1 million (\$45.5 million)

**Mortgage insurance**  
Federal Housing Administration  
20 loans, \$2.1 million

Rural Economic and Community Development  
288 loans, \$33.7 million

Self-insured  
63 loans, \$4.6 million

Uninsured  
95 loans, \$7.7 million

Veterans Administration  
16 loans, \$1.9 million

**Homebuyer education classes**  
85 classes, 1,356 attendees

## Housing Choice Voucher Section 8

3,642 vouchers  
\$24,643,720  
\$564 Housing Assistance Payment per voucher

**Family Self Sufficiency Program**  
24 participants

## Loan Servicing

**Single family**  
10,526 loans  
\$810,139,060 loan portfolio  
10.42% delinquency rate (60+ days)

**Maine Homeownership Protection for unEmployment Plan (HOPE)**  
46 households  
\$155,423 total benefits

**Maine Home Affordable Modification Program (HAMP)**  
18 households  
\$328,890 total benefits

**Multifamily**  
1,032 loans  
\$513,937,525 multifamily loan portfolio  
0.23% delinquency rate



# **Financial Summary**



# Financial Summary

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(IN THOUSANDS OF DOLLARS)

## NET POSITION

	2014	2013
<b>Assets:</b>		
Cash and investments	\$333,086	\$332,786
Mortgage and other notes receivable, net	1,178,056	1,215,864
All other assets	<u>35,302</u>	<u>33,224</u>
<b>Total Assets</b>	<b>1,546,444</b>	<b>1,581,874</b>
<b>Deferred Outflows of Resources:</b>		
Accumulated decrease in fair value of hedging derivatives	14,435	15,152
Deferred amounts on debt refundings	<u>6,181</u>	<u>6,348</u>
<b>Total Deferred Outflows of Resources</b>	<b>20,616</b>	<b>21,500</b>
<b>Liabilities:</b>		
Mortgage and other bonds payable	1,221,608	1,273,628
All other liabilities	<u>37,046</u>	<u>34,668</u>
<b>Total Liabilities</b>	<b>1,258,654</b>	<b>1,308,296</b>
<b>Deferred Inflows of Resources:</b>		
Deferred grant income and loan origination points	3,476	2,050
<b>Net Position:</b>		
Restricted	278,622	268,728
Unrestricted	<u>26,308</u>	<u>24,300</u>
<b>Total Net Position</b>	<b>\$304,930</b>	<b>\$293,028</b>

# Financial Summary

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(IN THOUSANDS OF DOLLARS)

## CHANGES IN NET POSITION

	2014	2013
<b>Revenues:</b>		
Interest from mortgages and notes	\$59,947	\$63,471
Income from investments	3,771	3,764
Net increase (decrease) in fair value of investments	12,341	(14,716)
Grants and subsidies	147,314	143,428
All other revenue	8,870	8,628
<b>Total Revenues</b>	<b>232,243</b>	<b>204,575</b>
<b>Expenses:</b>		
Operating and other program expenses	24,590	24,839
Provision for losses on loans and foreclosed real estate	1,561	2,105
Interest expense	43,655	49,447
Grants and subsidies	150,535	144,316
<b>Total Expenses</b>	<b>220,341</b>	<b>220,707</b>
<b>Change in Net Position</b>	<b>\$11,902</b>	<b>(\$16,132)</b>

*Note: This page is for illustrative purposes and is not intended to present a complete financial picture of MaineHousing. For more information, please refer to the audited financial statements.*

## 2014 Audited Financial Statements



To view MaineHousing's complete financial statements, scan the code or visit

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



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**MaineHousing**  
Maine State Housing Authority

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**A Self-Supporting  
Public Agency**

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