

MAINE STATE LEGISLATURE

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Federal Housing funds at work in Maine 2009



MaineHousing
Maine State Housing Authority





Groundbreaking ceremonies for the rehab of the Greentree Apartments in Augusta, one of the first housing developments in the country to receive funding under the Low Income Housing Tax Credit Exchange portion of the American Recovery and Reinvestment Act.

The 83-unit low-income housing development, which was originally built in the 1980's, is being substantially rehabilitated with \$2.1 million in ARRA funds plus other funding from MaineHousing.

The rehabilitation is expected to employ about 57 construction workers.



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Introduction

Chronologically speaking, 2009 was a down and up year for Maine's housing market, starting slowly but turning around after Washington acted and we added our own initiatives. Federal investments in affordable housing are always important to Maine, but were even more critical than usual in 2009.

With help from federal tax incentives, MaineHousing dramatically increased home sales to first time homebuyers. Its Gift of Green promotion offered eligible homebuyers a grant of up to \$5,000 toward down payment and closing costs, and a coupon for a home energy audit worth up to \$500. This assistance helped more consumers to take advantage of the federal First-Time Homebuyer Tax Credit worth up to \$8,000. The combination of financial incentives through the Gift of Green and federal tax credits added up to as much as \$15,000.

The American Recovery and Reinvestment Act (ARRA) provisions provided a market for Low Income Housing Tax Credits, spurring our program that finances construction of affordable rental housing. Maine was one of the first states to take advantage of the ARRA funding, with work starting on rehab of an Augusta development in September. MaineHousing has committed ARRA funding to make possible 13 projects with over 500 units of affordable housing.

This activity put Maine people back to work, as did \$42 million of ARRA funding for weatherization that will make over 4,000 homes of low-income residents more energy efficient. Because of our weatherization experience, we were quick to act, and by the end of the year we had weatherized 442 homes, with another 445 in process – in addition to the over 2,000 homes we weatherized through our normal weatherization program. The Department of Energy has recognized our ARRA program as a national model.

ARRA also helped people who were homeless by providing \$6.5 million for programs to prevent or rapidly re-house people who were or were about to become homeless, and funded intensive case management to help people chronically homeless. The programs are expected to help 1,800 people (525 households).

At the end of the year we closed a \$173 million bond issue, with \$145 of the bonds sold to Freddie Mac and Fannie Mae under the special Government Sponsored Enterprises program at a very low interest rate of 3.96 percent. This is a one-time opportunity to help state housing finance agencies weather the difficult bond market. We will use most of the funds in 2010 to continue our Gift of Green initiative.

Ongoing federal initiatives also remain essential for making housing more affordable in Maine. Last year over \$55 million in federal heating assistance helped keep 61,000 Maine households safe and warm (and may help as many as 70,000 this winter). \$81 million of federal rental assistance helped provide over 21,000 households with affordable rental options, and \$12 million in funds helped to provide emergency shelter and assist people who are homeless.

MaineHousing accessed nearly \$400 million in federal housing funds in 2009 (including ARRA funds), most of which were spent during the year but some of which will be used in housing initiatives in 2010 and beyond. Federal housing programs had a significant impact on the lives of over 100,000 Maine households last year, and we look forward to working with you in 2010 to make decent, affordable, energy efficient housing available for more Maine families.



Dale McCormick
Director

Housing accomplishments with federal funds by Congressional District 2009

Program Area	Federal Funding Source(s)	Maine		District 1		District 2		Income Eligibility Limit ⁸
		Households / Units	Funding Amount	Households / Units	Funding Amount	Households / Units	Funding Amount	
Home Buying Assistance								
First Time Homebuyers	Tax-Exempt Housing Bonds	865	\$106,817,613	428	\$62,157,380	437	\$44,660,233	115% of AMI
Downpayment Assistance	Federal HOME Grant	90	\$814,939	63	\$570,457	27	\$244,482	80% of AMI
Homebuyer Education	Housing Counseling Grant	2,297	\$150,247	1,089	\$71,232	1,208	\$79,015	n/a
Rental Assistance								
Section 8 Rental Units	Section 8 Project-Based Assistance	18,120	\$61,667,521	10,814	\$36,803,122	7,306	\$24,864,399	50% of AMI
Section 8 Vouchers ¹	Section 8 Housing Choice Vouchers	3,281	\$19,442,016	1,313	\$8,945,472	1,968	\$10,496,544	80% of AMI
Rental Housing Development								
Tax Credit Units Constructed ²	Low Income Housing Tax Credits	97	\$10,250,380	97	\$1,317,538	0	\$ -	40% - 60% of AMI (Varies Based on Subsidy)
Tax Credit Units Financed ³	Low Income Housing Tax Credits, Federal HOME Grant and American Recovery and Reinvestment Act (ARRA)	528	\$36,730,445	288	\$19,645,601	240	\$17,084,844	40% - 60% of AMI (Varies Based on Subsidy)
Home Improvement								
Home Repair ⁴	Federal HOME Grant	131	\$3,709,219	29	\$800,592	102	\$2,908,627	80% of AMI
Lead Paint Abatement	Lead Hazard Control Grant	19	\$182,210	n/a	n/a	n/a	n/a	80% of AMI / Pre-1978 Housing
Home Energy Improvement Loan	Tax-Exempt Housing Bonds	25	\$433,988	n/a	n/a	n/a	n/a	115% of AMI
Energy Assistance								
Fuel Assistance ⁵	Low Income Heating and Energy Assistance Program (LIHEAP) Funds	57,656	\$54,552,742	17,201	\$15,497,640	40,455	\$39,055,102	230% of the Federal Poverty Guidelines or 75% of the State AMI
Home Weatherization ⁶	Department of Energy, LIHEAP and ARRA Weatherization Funds	2,507	\$9,257,919	541	\$2,280,456	1,966	\$6,977,463	230% of the Federal Poverty Guidelines or 75% of the State AMI
Homeless Assistance								
Funding Continuums of Care ⁷	Continuum of Care Grant	3 Continuums	\$9,533,111	Portland CoC	\$2,932,663	Bangor CoC	\$1,171,922	50% of AMI
Preventing Homelessness with Rental Assistance (RAC+)	Federal HOME Grant	423	\$2,270,837	332	\$1,919,375	91	\$351,462	Homeless for 7 Consecutive Days
Funding Emergency Shelters	Emergency Shelter Grant	36 Shelters	\$769,813	15 Shelters	\$452,313	21 Shelters	\$317,500	n/a

¹A snapshot of households served by town was taken on 2/2/2010 in order to provide data by congressional district, and therefore, household and funding amounts may not add up to the total number of households served or total funds spent during 2009.

²These 97 units received \$992,538 worth of tax credits per year for a ten year period, and received \$325,000 worth of Federal HOME Grant money while under construction in years prior to and including 2009.

³These 528 units received \$1.8 million in Federal HOME Grant money, \$8.1 million in Tax Credit Assistance Program money, \$23.9 million in Section 1602 Award money and will receive \$2.8 million worth of tax credits per year for the next ten years.

⁴Includes 113 home rehab projects and 18 home replacements.

⁵Data is for the 08-09 Heating Season (10/2008 - 9/2009). A snapshot of households served by town was taken on 2/12/2010 in order to provide data by congressional district, and therefore, household and funding amounts may not add up to the total number of households served or total funds spent during the 08-09 Heating Season.

⁶A snapshot of households served by town was taken on 2/12/2010 in order to provide data by congressional district, and therefore, household and funding amounts may not add up to the total number of households served or total funds spent during 2009.

⁷Includes \$2,932,663 for the Portland Continuum of Care, \$1,171,922 for the Bangor/Penobscot County Continuum of Care, and the remaining \$5,428,526 is divided throughout the state through the Maine Balance of State Continuum of Care.

⁸Program eligibility depends on household size and other criteria, as well as income. Program eligibility details available at www.mainehousing.org. AMI is Area Median Income.

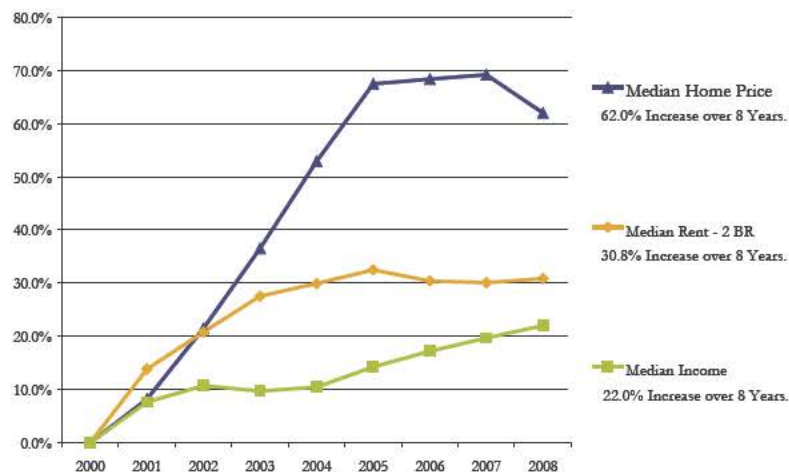
Housing demographics for Maine

Many Maine People in Need									
		<u>Maine</u>		<u>1st District</u>		<u>2nd District</u>		<u>United States</u>	
Total Population		1,316,456		667,199		649,257		304,059,728	
Under 18		274,761	21%	141,008	21%	133,753	21%	73,921,896	24%
18 to 64		842,530	64%	428,286	64%	414,244	64%	191,325,579	63%
Over 64		199,165	15%	97,905	15%	101,260	15%	38,812,253	13%
Population below Poverty Level		157,553	12%	67,809	10%	89,744	14%	39,108,422	13%
Children below Poverty Level (Under 18)		42,231		18,865		23,366		13,240,870	
Elderly below Poverty Level (Over 64)		17,578		7,183		10,395		3,692,607	
Population at 170% of Poverty Level		321,284	24%	139,817	21%	181,466	28%	75,506,805	25%
Population at 230% of Poverty Level		472,030	36%	212,606	32%	259,424	40%	106,594,071	35%
Source: 2008 American Community Survey (1 Year Estimates)									

Home Affordability in Maine Remains a Serious Concern				
	<u>Maine¹</u>	<u>1st District¹</u>	<u>2nd District¹</u>	<u>United States²</u>
Median Home Price	\$178,000	\$207,000	\$135,000	\$192,400
Median Household Income	\$46,321	\$51,787	\$40,275	\$52,897
Income Needed to Afford Median Home Price	\$58,951	\$66,966	\$45,260	\$63,700
Households Unable to Afford Median Home Price	63%	64%	56%	58%
Average 2-Bedroom Rent	\$847	\$937	\$774	\$824
Renter Households Unable to Afford Average 2-Bedroom Rent	57%	56%	59%	51%
¹ Source: Maine Real Estate Information System, Claritas, Inc. and MaineHousing Quarterly Rent Survey. Data is for 2008.				
² Source: 2008 American Community Survey (1 Year Estimates)				

Maine housing costs have outpaced incomes

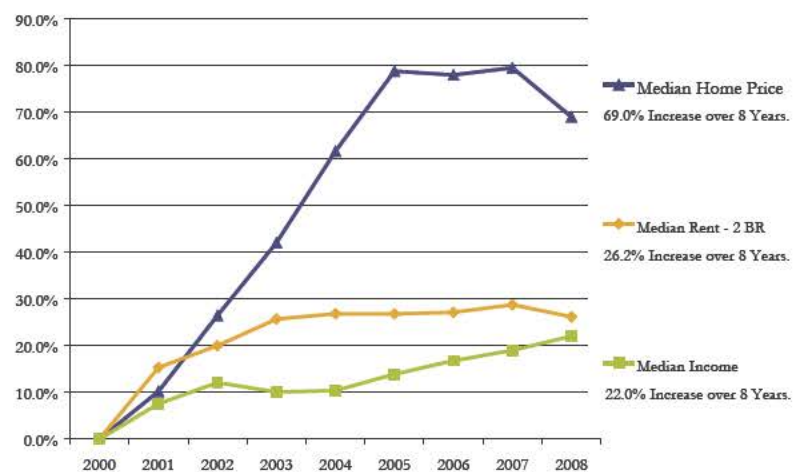
Statewide



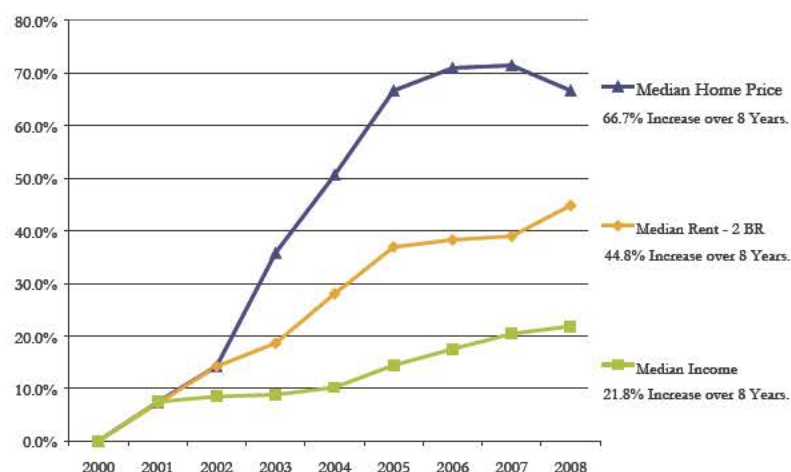
These charts show relative increases in home prices, rents, and incomes since 2000. Increases in housing costs have outpaced increases in household income.

Sources: The home price data in these charts is derived from the Maine Real Estate Information System (MREIS). Income data is from Claritas. The rental data comes from MaineHousing's quarterly survey of rental costs.

First District



Second District



How MaineHousing used federal resources

(2009 federal funding in *italic*)

Tax-exempt housing bonds (*\$136,774,000*) – Largest single source of funding, used to finance homes for first-time homebuyers, qualified veterans, home energy loans, and in some multi-family housing developments. The Congressionally limited spread between the interest rate paid bondholders and interest rate on loans provides us most of our operating revenue. Some bonds issued in 2009 will be used in 2010.

Maine American Dream Initiative (MADI) (*\$814,939*) – Home down payment and closing cost assistance funding secured as part of Maine's Consolidated State Housing and Economic Development Plan (funded by HUD as a distinct part of the HOME Investment Partnership Program grant), MADI provides assistance for lower income homebuyers. HUD no longer is funding this initiative and it will not be offered in 2010.

Homebuyer education (*\$150,247*) – We receive a small federal grant to help provide impartial homebuyer education to Maine people. Courses are offered through a network of educators throughout the state.

Section 8 project based rental assistance (*\$61,667,521*) – Federal rental assistance tied to properties that we financed during the 1970's and 1980's, before this large federal program ended. Apartment projects that we financed in the past remain as affordable housing for low-income seniors and families, who pay no more than 30% of their income for rent while living in these properties.

Section 8 Housing Choice Vouchers (*\$19,442,016*) – Federal rental assistance tied to individuals and families, who can use the assistance in any privately owned apartment that meets building requirements and in which the owner agrees to participate. A small percentage of the vouchers are targeted to specific populations, such as veterans or households who participate in a program helping them become self-sufficient.

Federal Low Income Housing Tax Credits and American Recovery and Reinvestment Act (ARRA) (*\$46,655,825*) – Our primary source of funding new affordable rental housing. We use a competitive scoring process to allocate the tax credits among proposed housing developments to ensure the housing is serving areas with the greatest needs. Most of the 2009 funding is ARRA one-time grants, but includes nearly \$10 million of Tax Credits funds (dollar value over 10 years). ARRA funding has been committed to developments, but spending will not occur until 2010-11.

Extending the Section 1602 Tax Credit Exchange Program will save MaineHousing \$1.5 million in resources at no cost to the federal government.

Federal HOME Investment Partnership Grant (*\$7,119,995*) – Federal money used in a variety of programs, including new affordable rental housing, housing for people with special needs, repairs to homes of low-income homeowners, home buying down payment assistance, and rental assistance for people who were homeless.

Lead Hazard Control Grant (\$2,855,622 over three years) – A federal grant we use to make homes with lead paint safe for the occupants, especially children, and to train contractors in safe lead practices. We secured a new lead hazard control grant in 2008.

Low Income Home Energy Assistance Program (LIHEAP) heating assistance (\$54,552,742 for 2008-09) – We allocate LIHEAP funds to provide heating assistance to low-income households—61,295 households in 2008-09—and expect to help as many as 70,000 households in the 2009-10 heating season.

LIHEAP, Department of Energy, and ARRA Weatherization (\$9,257,919) – We invest 15% of the LIHEAP grant in weatherization to make homes of low-income residents more energy efficient. The program includes a component (Central Heating Improvement Program, or CHIP) that repairs or replaces heating systems in low-income homes. We often combine LIHEAP Weatherization with Department of Energy Weatherization funds in order to do a more complete and effective weatherization of a home. In 2009 we began receiving additional weatherization funds from the American Recovery and Reinvestment Act (ARRA). See below for more information on ARRA.

Continuum of Care (\$9,533,111) – Federal funding used in a variety of programs that help provide housing for people who are homeless. There are three Continuums in Maine – Portland, Bangor/Penobscot, and Balance of State (which we represent).

Emergency Shelter Grants (ESG) (\$769,813) – Federal funds MaineHousing allocates to Maine's network of emergency homeless shelters. Shelters use the funds for operating expenses.

American Recovery and Reinvestment Act (ARRA) – MaineHousing is being allocated over \$80 million in federal stimulus funds to help Maine's economy. The funding includes:

- \$42 million for weatherization of over 4,000 homes in the next two years;
- \$10.2 million in Tax Credit Assistance Program funding, and \$24 million in Exchange funding, for financing new affordable multi-family housing. The funding temporarily replaces revenue MaineHousing received from the federal Low Income Housing Tax Credit program until the investment market for tax credits returns.
- \$6.5 million in funds to rapidly re-house people who are homeless, or help stabilize chronically homeless.

Most of the ARRA funds will be spend in 2010-11 as part of MaineHousing on-going programs and initiatives.

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