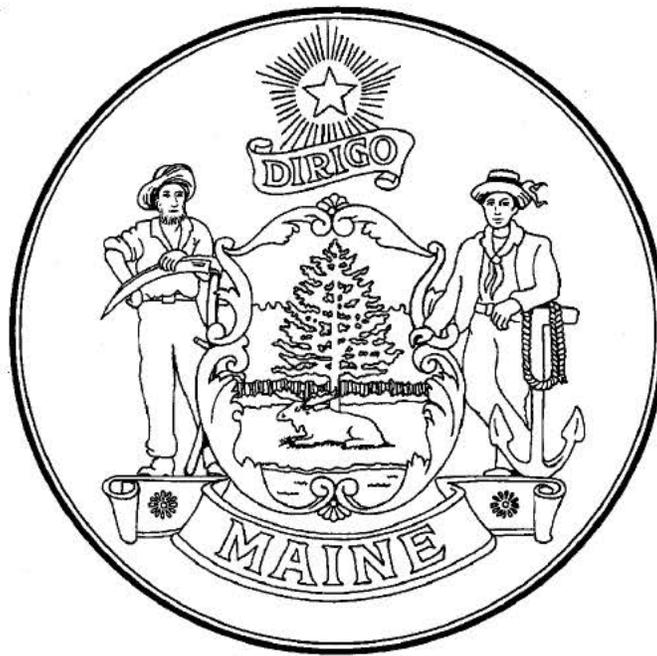


MAINE STATE LEGISLATURE

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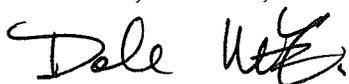


MaineHousing

Maine State Housing Authority

Memorandum

To: Sen. Elizabeth Schneider, Chair
Rep. Nancy Smith, Chair
Joint Standing Committee on Business, Research, and Economic Development

From: Dale McCormick, Director 

Date: March 1, 2010

Subject: Interim Report on the Maine Energy, Housing, and Economic Recovery Program

Background

LD 1485, An Act Regarding Maine's Energy Future, included Part E, the Maine Energy, Housing, and Economic Recovery Program. This section creates a new source of funding for affordable housing to be administered by MaineHousing. MaineHousing is allowed to issue bonds for certain types of housing that are repaid from revenue generated by the State's share of the real estate transfer tax. Section E-4 of Part E requires that:

By March 1, 2010, the Director of the Maine State Housing Authority shall report to the Joint Standing Committee on Business and Economic Development (sic) regarding the authority's actions taken to implement the provisions of the Maine Revised Statutes, Title 30-A, chapter 201, subchapter 7-A.

LD 1485 allows bonds to be sold no sooner than July 1, 2010 and the Treasurer to provide transfer tax revenue to support those bonds no sooner than July 1, 2011. The bill set the following targets for newly constructed or substantially rehabilitated affordable rental housing:

- 30% for people who are elderly
- 30% for people of all ages
- 10% for people who have special needs

The law also provides for the replacement of manufactured housing units that do not meet US Department of Housing and Urban Development regulations. The target for this is 10%.

Finally, the law requires us to meet the needs of rural communities by allowing flexible income and development size standards. No more than 30% of the funds may be used for these projects.

Update

MaineHousing is enthusiastic about this new program and has been working with the many interested parties on the implementation.

A key component to the success of the program is the sale of the bonds. Our financial and legal staff have been working closely with our Wall Street advisors, bankers, and lawyers to create a resolution to govern the sale of the bonds. A resolution is essentially a contract between the bond buyers and us that sets out the terms and conditions of the agreement between the buyers and the sellers. Our team and I were in New York City last week having meetings to finalize the resolution. This means that we will be able to sell bonds July 1st.

Another thing we did very early on was to issue an RFP for \$7,000,000 for affordable rental housing. We knew there are good projects out there just waiting to get going. We also know that there is quite a lag time between the time a developer starts work on a project and the time we actually need to provide the funds. We received five applications of which we funded three. Two of them qualified for part E funds. We awarded \$2,800,000 to the Webster School project in Auburn and \$3,700,000 to the Oak Street project in Portland. They will create 65 units of family housing.

While we were moving ahead in those areas, we were actively reaching out to the many stakeholders and also responding to the stakeholders who were reaching out to us. Most of the meetings focused on speed, jobs, and, where appropriate and permitted, flexibility. In addition to the more general meetings, we have had and are having more sector-specific meetings. These include groups working for affordable housing on islands, groups working on affordable housing for people with special needs, and many, many meetings with the many various groups interested in the replacement of mobile homes.

We are committed to putting this new funding source to work just as fast and efficiently as possible. The timing is especially good not only to help reinvigorate Maine's economy, but because money coming into the HOME Fund is down as a result of the lackluster housing market. We will continue to reach out to the various interested parties and work closely with them as we move forward.

I appreciate the opportunity to provide this update. We appreciate your ongoing support of our mission and our work. If you have any questions, please contact me or Peter Merrill at 626-4600.