

# MAINE STATE LEGISLATURE

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## The Maine Energy, Housing, and Economic Recovery Program

### *2012 Annual Report by MaineHousing to the Joint Standing Committee on Labor, Commerce, Research, and Economic Development*

#### *The Program*

The Maine Energy, Housing, and Economic Recovery Program was created by the Legislature in 2009 to construct or substantially rehabilitate energy efficient affordable rental housing, to replace pre-1976 substandard manufactured housing units, and to create jobs.

The 124<sup>th</sup> Legislature responded to the dramatic increase in energy prices in 2008 by creating the Joint Select Committee on Maine's Energy Future. That Committee enacted an omnibus energy bill, the centerpiece of which was the creation of the Efficiency Maine Trust. That legislation included the Maine Energy, Housing, and Economic Recovery Program. The law requires MaineHousing to report on the program each year.

#### *Funding*

The Legislature funded the program by authorizing MaineHousing to sell bonds in an amount of \$30,000,000 or more per year up with no more than \$200,000,000 outstanding at any one time. The bonds are repaid from the state's share of the Real Estate Transfer Tax. At the beginning of each state fiscal year MaineHousing notifies the state Treasurer of the amount needed to cover the payments and the Treasurer deposits the money into a Fund account created by the Legislature.

#### *Uses*

The Legislature directed MaineHousing to use the funds in the following proportions:

- At least 30% for multifamily affordable rental housing units serving seniors;
- At least 30% for multifamily affordable rental housing units serving persons of any age;
- At least 10% for multifamily affordable rental housing units serving populations with special needs; and
- At least 10% for the replacement of pre-1976 manufactured housing units.

Layered over that, MaineHousing was asked to use no more than 30% of the funds to provide for the needs of rural communities through flexible standards for development size and income eligibility. One of the key areas the Committee had in mind was the island communities.

## *Bonds*

In October 2010 we sold \$49,600,000 of tax-exempt (\$39,970,000) and taxable (\$9,630,000) bonds. The maturities vary but the longest is June 15<sup>th</sup>, 2026. The annual debt payments will range between \$4,315,700 and \$4,319,875. The authorizing legislation deferred the initial bond sale until state fiscal year 2011 so that the first payment was in state fiscal year 2012.

This unique funding arrangement was based on the TransCap program previously created by the Legislature to fund transportation programs. These bonds are unlike any that MaineHousing has ever sold. Their unique nature meant that MaineHousing had to create a new bond resolution for them. A bond resolution is the legal contract between the buyers and sellers of the bonds. It lays out in detail the rights and responsibilities of the parties. The state's share of the Real Estate Transfer Tax is the only pledge backing the bonds. Because the revenue stream available to pay debt service on the bonds is based on real estate transactions and viewed by the rating agencies as quite volatile, the bonds were rated A1/A+ by Moody's and Standard and Poor's respectively. To improve that, we insured over half of the bonds resulting in ratings of Aa3/AAA.

The rating agencies looked at the history of the state's share of the transfer tax over the past ten years and concluded, similar to the way TransCap was treated, that they were not comfortable if the annual debt service payments for the Part E bonds exceeded more than 45% of the lowest years of that revenue history. They also insisted that no additional bonds be sold unless the overall total of debt service met was under the 45% threshold. Therefore, we do not anticipate issuing additional bonds in this resolution in the foreseeable future.

## *Report*

The law requires MaineHousing to report to the Joint Standing Committee on Labor, Commerce, Research, and Economic Development each year by March 1<sup>st</sup>. The report must include:

- The amount of bonds issued,
- The type, location, and cost of projects receiving bond proceeds,
- The number of housing units created by each project,
- The number of direct construction jobs created or maintained by each project,
- The amount of direct construction wages paid in creating or maintaining those jobs, and
- The total amount of building materials purchased in the development of each project.

The required information is compiled on the following chart.

## *Conclusion*

The timing of this program provided capital for projects at a low point in our state economy. The program has made a difference in both the housing and jobs it is creating. For more information, please contact MaineHousing Director John Gallagher or Deputy Director Peter Merrill at 626-4600.

## Allocation of Part E Funds - 2012 Report to the Maine State Legislature

Project Name	Project Location	Rural and/or Islands?	Construction Start Date	Part E Funds Allocated	Total Project Development Cost	Number of Affordable Units	Construction Jobs Created/Retained	Construction Wages	Cost of Building Materials
<b>Projects Serving Seniors</b>									
Healy Terrace	Lewiston		2/14/2011	\$407,477	\$8,722,296	32	404	\$2,087,764	\$3,371,228
Emery School	Biddeford		8/11/2011	\$169,744	\$6,831,864	24	682	\$951,775	\$1,159,222
Stonecrest Manor	Standish		4/5/2012	\$1,229,440	\$4,349,981	25	434	\$597,679	\$1,814,180
Chamberlain Place	Brewer		7/24/2012	\$1,450,000	\$4,819,955	32	149.635	\$311,973	\$166,459
Danforth on High	Portland		8/15/2012	\$1,500,000	\$5,772,362	34	19	\$150,400	\$279,311
The Meadows	Ft. Fairfield		9/7/2012	\$1,300,000	\$4,220,000	25	78	\$120,684	\$355,343
Leonard Lake	Ellsworth		2013	\$780,000	\$5,110,000	26			
<b>Projects Serving Any Age</b>									
Hillside Apartments	Vinalhaven	Yes	11/30/2010	\$150,000	\$1,267,000	6	49	\$285,000	\$285,100
Oak St Lofts	Portland		3/31/2011	\$3,652,704	\$6,386,373	37	286	\$1,518,825	\$2,406,052
105 Main Street	North Haven	Yes	9/22/2011	\$355,000	\$481,770	2	43	\$168,829	\$88,018
Old Gilkey Rd	Islesboro	Yes	12/5/2011	\$350,000	\$548,943	2	26	\$103,240	\$300,947
Lofts at Bates Mill	Lewiston		1/20/2012	\$1,068,536	\$9,644,210	33	665	\$1,789,273	\$3,262,715
Schoolhouse Road	Chebeague	Yes	4/24/2012	\$355,000	\$455,241	2	37	\$142,100	\$167,725
Luther St	Peaks Island	Yes	7/24/2012	\$355,000	\$575,000	2	54	\$263,974	\$187,544
Scattered Site project	Isle au Haut	Yes	7/25/2012	\$355,000	\$571,576	2	71	\$128,780	\$207,011
Rivershore Place	Auburn		9/28/2012	\$1,200,000	\$4,819,000	22	74	\$211,568	\$542,672
Hyacinth Place	Westbrook		10/31/2012	\$369,828	\$9,657,612	37	199	\$364,891	\$275,210
46 Garfield 28 Leavitt	Long Island	Yes	2013	\$350,000	\$695,850	2			
North View Apts	Dover-Foxcroft		2013	\$1,593,923	\$4,986,899	24			
Tribler Rd	Monhegan	Yes	2013	\$355,000	\$568,000	2			
Cranberry Island	Cranberry Isle	Yes	2013	\$355,000	\$585,315	2			
Osprey Circle	South Portland		2013	\$827,217	\$7,139,904	48			
409 Cumberland Ave	Portland		2013	\$1,225,000	\$10,177,521	57			
<b>Projects Serving Special Needs</b>									
5 Colby Lane	Kennebunk		3/15/2011	\$295,000	\$425,355	3	26	\$80,000	\$52,200
2-4 Pebble Lane	Sanford		6/13/2012	\$450,000	\$460,000	5	22	\$67,000	\$115,000
385 Cumberland Ave	Portland		6/5/2012	\$888,783	\$1,223,832	8	120	\$300,792	\$166,459
97 Court St	Bangor		8/22/2012	\$1,190,500	\$1,190,500	8			
6 Mousam St	Sanford		11/15/2012	\$500,000	\$875,000	4			
82 Silver St	Waterville		12/4/2012	\$621,750	\$621,750	4	11	\$10,546	\$1,000
St. Joseph School	Lewiston		2012	\$455,082	\$1,300,000	20			
16 Gilman St	Waterville		7/19/2012	\$297,335	\$594,670	4	38	\$35,382	\$65,610
67 Silver St	Waterville		7/19/2012	\$299,835	\$599,670	4	31	\$33,386	\$54,572
54 Silver St	Lewiston		2013	\$335,400	\$670,800	4			
Safe Start/270 Main	Waterville		2013	\$283,253	\$566,506	4			
179-185 Indiana Ave	Bangor		2013	\$1,800,000	\$2,283,000	24			
169 Holland St	Lewiston		2013	\$279,300	\$284,300	2			
Pine/Trafton St	Sanford		2013	\$292,038	\$584,076	4			
<b>Projects Replacing manufactured homes</b>									
Mobile Home Replacement Project	Statewide		2010	\$644,858	\$644,858	8			
Penquis/Pathways Replacement Project	Penobscot County		2011	\$201,900	\$371,585	5	16	\$381,774	\$245,718
<b>Total</b>				<b>\$28,588,903</b>	<b>\$111,082,574</b>	<b>589</b>	<b>3,535</b>	<b>\$10,105,635</b>	<b>\$15,569,297</b>
<b>Use of Part E Funds Summary</b>									
	<b>Total Funds</b>	<b>Percentage of Funds</b>							
Total for Senior Housing	\$6,836,661	23.9%							
Total for Any Age Housing	\$12,917,208	45.2%							
Total for Special Needs Housing	\$7,988,276	27.9%							
Total for Manufactured Housing replacement	\$846,758	3.0%							
Total Rural/Islands	\$2,980,000	10.4%							