

# MAINE STATE LEGISLATURE

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# Program Evaluation Report

November 2007



**MaineHousing**

Maine State Housing Authority



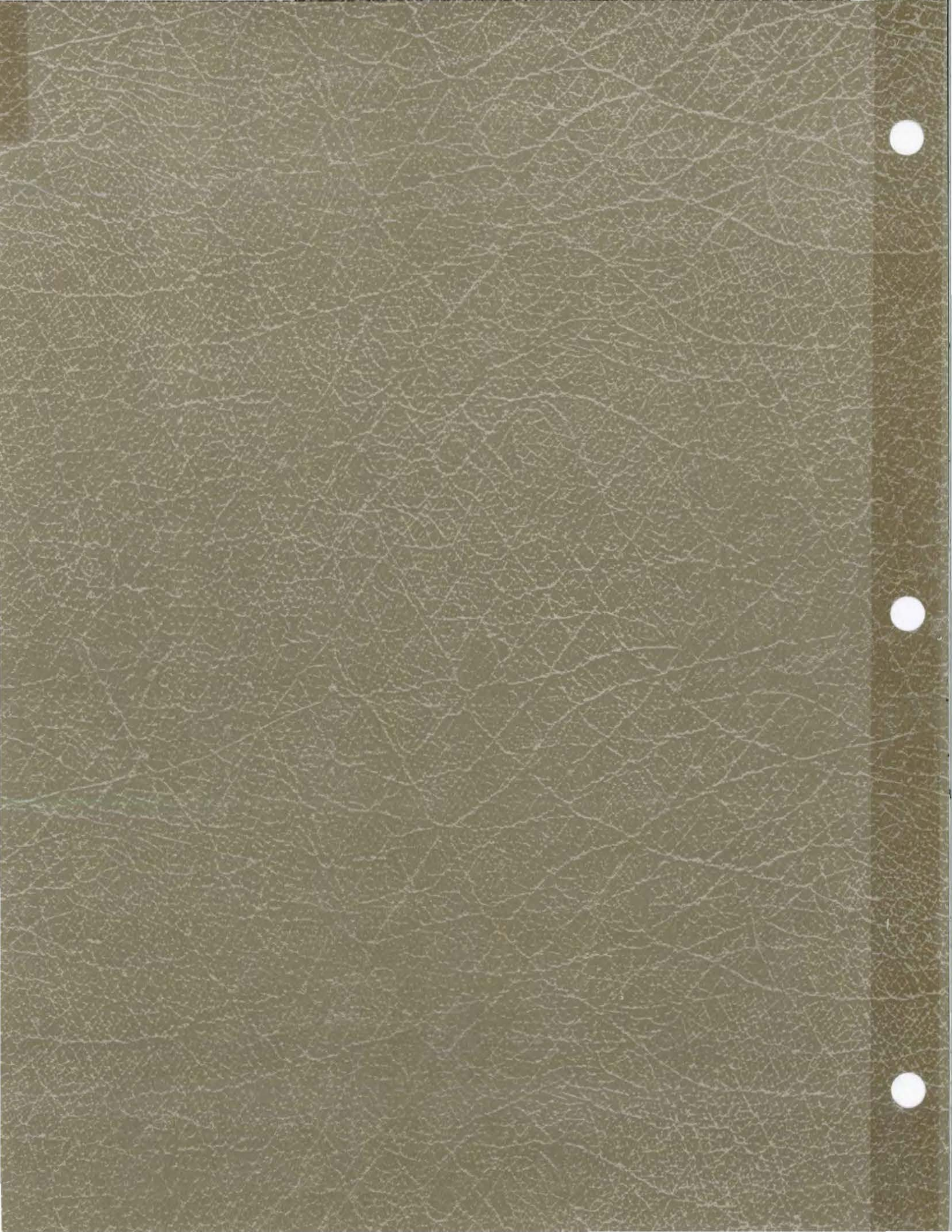


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# Introduction

MaineHousing welcomes the Government Evaluation Act process. It provides us with another opportunity to review our operations and to examine our successes and areas that we can improve.

We have organized the report in the sequence detailed in law. We want it to provide you with a clear and concise review of MaineHousing. We have tried hard to make this report user friendly. We have tried to avoid jargon. We have tried to explain the big picture and tried not to swamp you in details that obfuscate the key points and ideas. For example, the section on the laws that govern us provides detailed but plain English explanation of the law. The same is true for the section on our rules and finances. We have tried not to refer you to other parts of the report when that might be easier than responding to the question posed.

We want you to understand everything there is to know about us: what we do, how we do it, who we help, and how successfully we address Maine's housing problems.









# Overview

*Today we are a \$2 billion financial institution.*

MaineHousing (the Maine State Housing Authority) was created by the Legislature in 1969 to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. Over the years we have been asked to handle additional responsibilities on behalf of the state. Today we are a \$2 billion financial institution.

MaineHousing is an independent authority. We are governed by a ten member Board of Commissioners appointed by the governor and confirmed by the Senate upon the recommendation of the Business Research and Economic Development Committee. The Director is also appointed by the governor and confirmed by the Senate upon the recommendation of the Business Research and Economic Development Committee. The Director and the State Treasurer are *ex-officio* members of the Board. MaineHousing is both Maine's housing finance agency and a public housing authority for those parts of the state without one.

## Private Methods for Public Purposes

*MaineHousing couples efficiencies of the private financial markets with public purpose goals to provide affordable housing for Maine people.*

MaineHousing couples the methods and efficiencies of the private financial markets with the federal tax incentives of tax-exempt bonds and the government's public purpose goals to provide affordable rental and ownership housing. The housing finance agency component of MaineHousing works much like any other bank except that we raise capital with tax-exempt bonds and federal and state subsidies, and we take greater risks to achieve our public purpose. The tax-exempt bonds allow us to borrow funds at a lower rate. In turn, we are able to lend those funds at a lower rate. The federal and state subsidy funds (such as the HOME Fund) allow us to further reduce the costs of providing housing. MaineHousing pays for its operating costs through a combination of resources generated from lending activities and fees paid to us from federal programs that we administer. No State General Fund money is used to pay MaineHousing personnel or operating costs.

## Housing is Economic Development

Housing is a major sector of Maine's economy. Every time a house or apartment building is built, there is work for the lumber yards and plumbing contractors, law offices and real estate agencies, furniture stores and moving companies, landscapers, and bankers. A recent report states that 50,000 Maine people work in housing and its related sectors, an estimated 10% of the state's workforce. The health of Maine's housing industry has an impact not only on those with housing needs and building contractors, but is a concern for all Maine people. At our current operating level, on average, each

week MaineHousing invests over \$3 million in housing, stimulating the economy.

## Smart Growth and Sprawl

MaineHousing has a long commitment to the principles of smart growth. In our evaluation seven years ago, we highlighted this as an emerging issue. In many states the goals of affordable housing and smart growth work at cross purposes. In Maine, housing and smart growth advocates have worked together to avoid this. As the Brookings Report points out, Maine's downtowns have many unique old buildings that can be adaptively reused as housing. We are working with towns and developers to make this happen.

## Greening Affordable Housing

*MaineHousing's Green Building Standards guarantee that new housing it finances will be 30% more energy efficient and better for the environment.*

MaineHousing's Green Building Standards were the first in the country to be implemented by a state housing finance agency. They guarantee that new rental housing financed by MaineHousing will be more energy efficient and better for the environment. These standards also apply to new single-family homes built under our new Affordable Subdivision Program. As renovations and upgrades are made to our existing multifamily housing portfolio, these green standards are applied. MaineHousing's energy loan program provides low interest loans to help moderate income homeowners save money and energy while making their homes more comfortable. Our Mainstream Green Home Design Contest inspired architects and builders to design energy efficient, affordable homes for Maine people and over the past year MaineHousing funded solar roof panels in two new rental properties and plans to monitor their effectiveness.

In response to Governor Baldacci's Carbon Challenge, MaineHousing has reduced our overall energy use by approximately 44% through the installation of solar roof panels and motion-sensing lighting. An internal recycling program and the implementation of employee flextime are also helping us reduce our carbon footprint.

## Creating Efficiencies in the Delivery of Federal and State Programs

*MaineHousing administers a number of federal housing-related programs.*

In addition to financing affordable housing, MaineHousing administers a number of federal housing-related programs on behalf of the state. These include the HOME Partnership program, the Low Income Housing Tax Credit Program, the Section 8 rental assistance programs, the Emergency Shelter Grant Program, the Lead-Based Paint Hazard Control Program, the Housing Counseling Program, the Weatherization Program, and the Low Income Home Energy Assistance Program. MaineHousing also administers two programs for the Maine Public Utilities Commission: the Low Income

Assistance Program (for electricity customers) and the Appliance Replacement Program.

*MaineHousing's flexibility and entrepreneurial culture enable us to creatively and efficiently meet our mission.*

We are able to combine the flexibility and entrepreneurial culture we have as an independent authority with the public purpose of our mission to create efficiencies in the delivery of these programs. Examples of this can be seen in our investments in technology, our use of private companies to deliver many of our programs, our on-going efforts to reduce paperwork, and our attempts to reduce delivery costs. The procedure we have set up for taking LIHEAP applications allows that one process qualifies the applicant for many other programs including, weatherization, appliance replacement, home repair, assistance with utility bills, transportation, and other services offered through Community Action Agencies.

## Whom Do We Serve?

In broad scope, we serve six major groups of people:

- First Time Homebuyers,
- Owners of Substandard Housing,
- Renters Needing Assistance,
- People With Special Needs,
- People Experiencing Homelessness, and
- People Needing Energy Assistance.

We design our programs to meet the needs of the people we serve rather than deriving them from the requirements of the funding sources. We then analyze the resources we have available and the restrictions they come with. Then we allocate resources to programs in a way that maximizes each resource.

## MaineHousing Listens

*MaineHousing reaches out to the people we serve to determine their needs and the effectiveness of our programs.*

We are continually looking at ways to reach out to the people we serve to determine their needs and the effectiveness of our programs. While our line staff and middle managers receive feedback from the field on a daily basis, we also work to get our senior managers to as many events as possible. In addition, we convene groups of interested parties on a regular basis to provide feedback and ideas. We take advantage of the various forums and rulemaking procedures required by the programs we administer. Some of our regular outreach efforts include meetings with:

- Community Action Agency Directors
- hoMEworks Board of Directors
- Local Housing Authority Directors

- Commissioners of Department of Health and Human Services and Labor
- Maine Real Estate Managers
- For-profit and non-profit developers
- Maine People's Alliance- Housing Council
- Alpha One
- Housing partners at annual Maine Affordable Housing Conference
- Property Owners and Managers
- Consumers through public hearings on housing issues.

## What is the need?

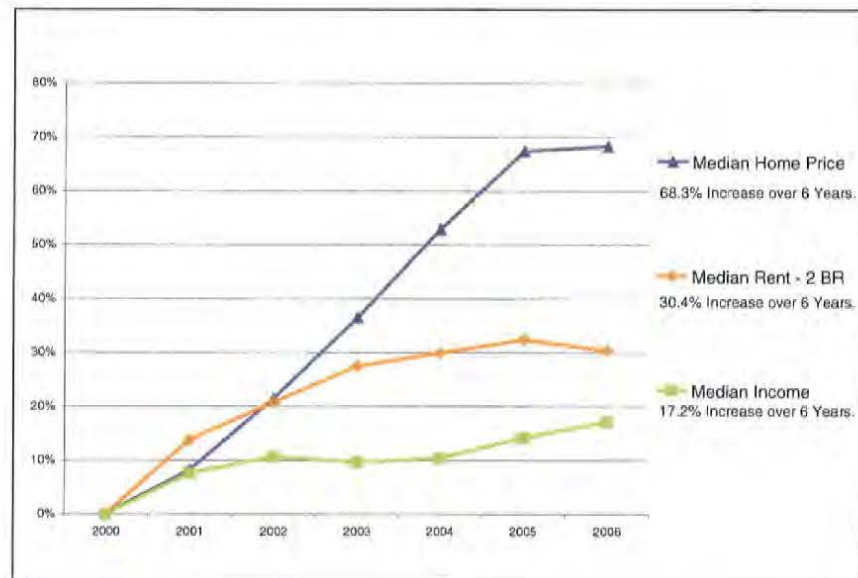
### *What do the people need?*

The chart on the following page is familiar to the members of the BRED Committee. It shows the affordability challenges facing potential first-time homebuyers and working, lower income renters. More challenging are the needs of those experiencing homelessness (most of whom have one disability or another) and those with special needs. The best situation for many is one that provides both housing and services. This type of housing requires not only funding the physical building, but funding the on-going services and operations of the building. And to make things worse, the recent dramatic increases in energy costs have increased the needs of both those with lower incomes who cannot afford their energy costs (20% of their income) and those who operate affordable housing whose budgets did not contemplate these sharp increases.

### *What does MaineHousing need?*

The other side of the need equation is MaineHousing's need for flexible resources to address these problems. The best source is the HOME Fund. Despite the best efforts of many people, the Fund continues to be diverted to other budget uses. The recent diversions were reduced in the current budget, for which we are grateful. But vigilance is required. At the same time we continue to work with the Governor, the Legislature, and the Congress to create and provide additional resources.

## Relative Increases in Median Income and Housing Costs



## Moral Obligation

*The bonds issued by MaineHousing are not backed by the full faith and credit of the State of Maine.*

The bulk of our assets are in mortgages, primarily from first time homebuyers. These are funded by the tax-exempt mortgage revenue bonds that we are authorized to sell. The bonds issued by MaineHousing are not backed by the full faith and credit of the State of Maine; the debt payments are made by MaineHousing. These bonds are called moral obligation bonds. The moral obligation is quite literally the idea that the state has a moral obligation to back our bonds if we cannot make the interest payments we owe. The state is not legally obligated to do so. Moral obligation is specifically authorized in statute. MaineHousing is required to maintain reserve funds to cover annual debts to the bond holders. If the account falls below the required level, we must tell the Governor how much that we need to restore these accounts. Maine law states that, "...the sum or sums so certified shall be appropriated and paid to the Maine State Housing Authority during the then current fiscal year." This has never happened.









# Statutes Governing MaineHousing and Federal Mandates

This section requires us to present our authorizing laws. Rather than simply reprint the laws here, we have instead prepared a plain English summary for you. We think that will be easier and more useful.

We are also taking advantage of this review process to analyze our statutes for any updates that might be made. We will stick to things that shouldn't raise any objections and work with the chairs to be sure. We will provide this once we have specific language to offer and the Committee has expressed a willingness to consider them.

## MAINE HOUSING AUTHORITIES ACT, Title 30-A, Chapter 201

As originally enacted in 1949, the Maine Housing Authorities Act (the "Act") established only the local housing authorities. In 1969 the Act was amended to create the Maine State Housing Authority ("MaineHousing"). Provisions regarding MaineHousing were woven into the existing Act and are the focus of this summary.

### Subchapter I. General Provisions

*Area of Operation.* MaineHousing's area of operation is the entire State. The area of operation of a municipal housing authority is within the municipality and in the case of some cities, within ten miles outside of the city limits. To provide Federal financial assistance (Section 8) for a new construction or substantial rehabilitation project within the territory of a municipality housing authority, MaineHousing must obtain the prior consent of the municipality.

*Declaration of Necessity.* The Act was declared necessary because of unsafe and overcrowded housing; a shortage of suitable affordable housing; the benefit to the economy of housing construction; and the Federal government's cutback of housing programs in the early 80's.

*State Policy.* It is the policy of the State to help residents have the opportunity for: housing which is decent, safe, meets their needs, and affordable; a wide range of private housing; public housing as necessary; additional resources for home construction, mortgages, and notes from financial institutions with assistance provided by MaineHousing; and housing education and demonstration housing programs.

*Confidentiality.* The Act deems confidential tenant application information; individual financial statements submitted in connection with mortgage applications; and applicant information pertaining to weatherization, energy conservation, homeless assistance or fuel assistance programs.

## Subchapter II. Establishment and Organization

*MaineHousing's Power and Duties.* In addition to the powers listed in Subchapter III and other powers described in the Act, MaineHousing has the power and duty to:

- gather information and statistics on housing;
- develop and finance the research and demonstration of model housing programs;
- provide or coordinate technical assistance and consultation about housing;
- prepare and disseminate educational materials;
- encourage and coordinate the effective use of resources for housing;
- accept Federal funds and other assistance for the State within its area of operation;
- carry out renewal projects under Chapter 203, the Urban Renewal Law;
- issue revenue bonds;
- purchase, sell, service, pledge, and invest in mortgage-related securities;
- adopt by-laws;
- do what's necessary to carry out its powers and duties;
- make loans and grants and contract with financial institutions to make mortgage loans;
- propose affirmative action plans;
- issue taxable bonds;
- issue certificates evidencing interests in mortgage loan pools;
- cause its power and duties to be carried out by one or more non-profit corporations;
- deal in mortgage credit certificates;
- approve municipal bonds for housing;
- consult with the Statewide Homeless Council;
- administer energy conservation programs;
- operate energy conservation and fuel assistance programs;
- advise the Governor and other State officials on energy conservation;
- expand access to housing for young professionals and young families;
- condition approval of funding for housing projects upon municipal representation that the applicant has no record of material municipal code violations; and
- certify transfers of multifamily affordable housing property qualifying for exit taxes deduction.

*Limitations on MaineHousing's Powers.* MaineHousing may not finance or assist in housing assisted by a college or university, student-housing, or any nursing home or related institutions.

*Commissioners.* MaineHousing has ten commissioners, eight appointed by the Governor, subject to legislative review and confirmation. The other commissioners are the Treasurer of the State and the director of MaineHousing. The eight gubernatorial appointments serve four year terms and must include a banking representative, a representative of elderly people, and a resident of subsidized housing. Of the five remaining appointments, the Governor gives priority to a representative involved in the housing business and a representative of people with disabilities. The Governor appoints the chair from among the eight gubernatorial appointments.

*Commissioners' Duties.* The commissioners establish MaineHousing policy relating to:

- standards of issuing, servicing, and redeeming bonds;
- purchase and sale of mortgages or notes;
- initiating project construction and accepting properly completed facilities;
- setting standards for the purchase of notes;
- establishing procedures for servicing of loans;
- establishing procedures for the collection of money;
- establishing procedures for the disposition of foreclosed property; and
- establishing reserves in addition to the reserves required by statute.

The Commissioners also approve the operating budget pursuant to Subchapter IX.

*Director.* The Governor appoints a director of MaineHousing subject to legislative review and confirmation. The powers and duties of the Maine State Housing Authority other than the commissioners' duties outlined above are vested solely in the director of MaineHousing. The director serves a four year term and is a full time employee.

*Conflict of Interest.* MaineHousing employees and commissioners may not participate in decisions in which they have an interest. While at MaineHousing and for the following two years, they may not acquire an interest in any contract or project they worked on as a MaineHousing employee or commissioner.

### **Subchapter III. Powers and Duties of Housing Authorities**

*General Powers.* All housing authorities have the following powers:

- to sue and be sued, to enter into contracts, to make rules and regulations to carry out the purposes and powers of the authority;
- to acquire, manage, own, lease, operate, construct, and improve housing projects;
- to research and analyze housing needs and disseminate such information;
- to contract for services in connection with a housing project;
- to lease and purchase real property;
- to exercise eminent domain;
- to invest funds and to redeem or purchase its bonds;
- to determine where slums exist and to work with localities to alleviate slum areas;
- to conduct examinations and investigations and to hear testimony; and
- to exercise all or any part or combination of the powers granted.

In addition, MaineHousing shall establish procedures by which a municipality may review proposed projects and plans for financing proposed projects.

*MaineHousing Powers.* In addition to the powers listed in Subchapter II, the above powers of all housing authorities listed in Subchapter III, and other powers described in the Act, MaineHousing has the following powers:

- to acquire mortgage loans;

- to make payments to reduce interest costs on market rate mortgages;
- to allocate tax-exempt bonds established pursuant to the Internal Revenue Code and allocated to MaineHousing under Title 10, Section 363;
- to allocate low-income housing tax credits;
- to act as the weatherization, energy conservation, and fuel assistance agency for the State;
- to represent the State in carrying out the HOME Investment Partnerships Program created by the Cranston-Gonzalez National Affordable Housing Act; and
- to coordinate homeless programs for the State and administer federal funds for homeless persons.

*Operation and Management of Projects.* Housing authorities may not manage and operate their housing projects for profit. In the management and operation of their projects, state public bodies may assist housing authorities in undertaking projects. At least 20% of the units in a project must be for low income families, veterans are given a preference, and units may be made available for disaster victims and defense workers.

**Subchapter III-A. Affordable Housing Program.** The Affordable Housing Program, which along with the Affordable Housing Partnership Act, Chapter 202, grew out of the 1988 Governor’s Task Force on Affordable Housing, was intended to get MaineHousing, municipal housing authorities, municipalities, and the Department of Economic and Community Development to work together in connection with housing.

*Housing Component of Comprehensive Plans.* The program requires municipalities’ comprehensive plans to include the development of affordable housing and requires housing authorities to provide technical assistance to municipalities.

*Matching Resources.* The program allows MaineHousing to match resources provided by municipalities.

*Housing Assessment.* MaineHousing is required to assess the State’s housing and report its findings and recommendations on the adequacy of data collection to the Governor and the Legislature biennially.

*MaineHousing’s Right of First Refusal.* State agencies are required to offer MaineHousing the opportunity to purchase surplus land before selling it to other parties.

**Subchapter III-B. Temporary Housing Assistance Program.** MaineHousing may use the Temporary Housing Assistance Fund to provide loans or grants to low-income persons for rent and security deposits. Preference must be given to those who can repay a loan.

**Subchapter IV. Funds.** Housing authorities are granted the power to do anything required to obtain the financial aid or cooperation of the Federal government in the exercise of their powers granted under the Act.

*Moderate Rehabilitation with Federal Assistance.* MaineHousing must give written notice to a municipality of its intention to solicit proposals from owners of units in the municipality for federal assistance for moderately rehabilitated units.

*New Construction with Federal Assistance.* The legislative body of the municipality where a project is located must approve an authority's entering into a contract for federal assistance for new construction.

**Subchapter V. Loans to Financial Institutions.** MaineHousing may make loans to financial institutions to finance mortgage loans which benefit low income persons.

**Subchapter VI. Construction Loans.** MaineHousing may participate with financial institutions in the making of construction loans for housing for low-income persons. A financial institution must participate in the loan at least to the extent of acting as an escrow agent unless the loan is to a public instrumentality or a private nonprofit corporation. MaineHousing may issue construction loan bonds with a total outstanding balance of \$25,000,000.

**Subchapter VII. Housing Opportunities for Maine Program.** The Act creates the Housing Opportunities for Maine Fund (the "State HOME Fund"). The State HOME Fund is funded with real estate transfer tax proceeds pursuant to 36 M.R.S.A. § 4641-B.

*State HOME Fund Uses.* MaineHousing may use the State HOME Fund to:

- reduce the interest rate on or principal amount of mortgage loans;
- reduce low-income persons' rental payments;
- make mortgage loans or grants;
- fund reserves for, pay interest on, pay costs of issuance of, or otherwise secure and facilitate the sale of MaineHousing's bonds;
- pay the administrative costs of public instrumentalities and nonprofit corporations directly associated with housing projects; and
- otherwise make housing affordable to low income persons.

Up to 3% of the fund plus earnings and repayments may be used for administrative costs.

*Repayment Terms.* MaineHousing establishes interest rates and may defer repayments. MaineHousing may not recover State HOME Funds from other than mortgaged property.

**Subchapter VIII. Bonds.** Housing authorities may issue bonds. Authorities may secure the payment of the bonds however they choose. Remedies of bondholders include injunctive relief, taking possession of a property, appointment of a receiver, and requiring an accounting.

### **Subchapter IX. Mortgage Credit**

*Low Income Requirement.* Authorities may sell revenue bonds to purchase mortgage loans as long as a financial institution certifies that the loan is a prudent investment and a reasonable number of low income persons occupy the mortgaged property. The authority must make sure the intended use of the property continues as long as economically and socially reasonable.

*Reserves Securing Bonds.* The Act requires MaineHousing to establish reserve funds to secure the bonds it issues. MaineHousing may not issue bonds under a resolution unless the reserve funds securing the bonds issued or to be issued under the resolution are at least equal to the principal and interest



payments becoming due under the resolution in the next calendar year. The Housing Reserve Fund required by the Act secures bonds issued under MaineHousing's General Mortgage Purchase Bond Resolution. The Capital Reserve Fund permitted by the Act secures bonds issued under MaineHousing's General Housing Finance Revenue Bond Resolution.

*Moral Obligation.* If there is a deficiency in the reserves securing the bonds, the director may certify to the Governor the amount needed and the State will provide that amount to MaineHousing. The director has never certified to a deficiency in the reserves. MaineHousing may not have at any time more than \$2,150,000,000 of outstanding mortgage purchase bonds to which this provision applies. Such mortgage purchase bonds must be rated A or better by a nationally recognized rating agency. Mortgage purchase bonds to which the moral obligation does not apply and other credit arrangements securing the bonds may be issued up to \$100,000,000 per calendar year with no more than \$300,000,000 in the aggregate outstanding.

*Financial Reports and Budgets.* MaineHousing submits annual audited financial reports to the Governor and the bank superintendent and MaineHousing submits an annual budget of expenses of operation and administration of mortgage purchase programs to the Bureau of the Budget.

*Limitation on Proceeds.* No more than .05% of the outstanding bond value may be used for the administration of the mortgage purchase program or other programs of MaineHousing.

*Conservation Projects.* With the Department of Economic and Community Development, MaineHousing shall develop guidelines for energy improvement that may be made with home improvement loans.

**Subchapter IX-A. Natural Disaster Home Assistance Program.** MaineHousing may use the Natural Disaster Home Assistance Fund to provide loans and grants to homeowners who are victims of natural disasters. MaineHousing was required to adopt a rule giving priority to homeowners who are not adequately assisted by other disaster funds and who do not have adequate access to capital.

**Subchapter IX-B. Overboard Discharge Assistance Program.** MaineHousing was authorized to issue bonds in an amount up to \$10,000,000 for a program to provide assistance to homeowners to fix water treatment systems discharging pollution into Maine surface waters. The program was never implemented.

**Subchapter X. Housing Mortgage Insurance Law.** The State Constitution authorizes the Legislature to insure mortgage loans on homes on Indian reservations in an aggregate amount up to \$1,000,000. This law creates a housing mortgage insurance fund under MaineHousing's jurisdiction for mortgage insurance in an aggregate amount up to \$25,000,000 on housing not located on Indian reservations and authorizes MaineHousing to request the State Treasurer to issue up to \$1,000,000 in general obligation bonds to pay costs arising from insuring mortgages for housing on Indian reservations.

**Subchapter X-A. Elderly Homeowner Equity Loan Program.** MaineHousing may use the Elderly Homeowner Equity Loan Guarantee Fund to give low-income elderly homeowners reverse

mortgage loans and home equity loans so they can afford to stay in their homes in accordance with a rule adopted by MaineHousing. MaineHousing no longer runs this program.

**Subchapter XI. State-owned Land for Housing.** Surplus State land and buildings which are useable or needed for affordable housing may not be sold or used for other purposes without the approval of the director of MaineHousing and the commissioner of Administration. The Act required MaineHousing and the Department of Administration to develop a procedure to implement this provision. MaineHousing reports on this provision regularly to the joint standing committee of the Legislature having jurisdiction over housing matters.

**Subchapter XII-A. Electric Assistance.** This law provides for MaineHousing's implementation of procedures to administer the electric assistance program established by the Public Utilities Commission to provide needs-based assistance for low-income persons.

**Subchapter XII. Preservation of Moderate-income and Low-income Housing Constructed With Federal Assistance.** This law was intended to discourage the conversion of Federally assisted moderate-income and low-income rental housing units to market units.

*Right of First Refusal.* Anyone with a controlling interest in low-income housing who might take any action which would result in the termination of financial assistance for affordability must give a 90-day prior notice to the tenants, MaineHousing, and the municipal housing authority, if any. MaineHousing has the right of first refusal to purchase the property at its current appraised value unless a qualified buyer agrees to maintain the property as low-income housing.

*Six Month Transition.* In addition, any owner or purchaser of low-income rental housing who takes any action which would result in the termination of financial assistance for affordability must allow the current tenants to remain in the units for 6 months at the same rents or relocate the tenants to comparable units with comparable rent.

### **Subchapter XIII. Fuel Assistance**

*Local Operators.* MaineHousing may select local program operators to run a federally funded fuel assistance program for eligible homeowners and tenants. Fuel assistance is paid to fuel vendors or the beneficiaries.

*Reserve Fund.* MaineHousing may use funds appropriated to the Fuel Assistance Reserve Fund to cover anticipated fuel assistance payments and program costs before MaineHousing receives the Federal fuel assistance money. MaineHousing must return the money within the fiscal year.

MaineHousing may request a working capital advance from the General Fund unappropriated surplus to the Fuel Assistance Reserve Fund for cash necessary to ensure that fuel assistance benefits for the State's eligible elderly and low-income applicant households will be available prior to the beginning of the heating season. The State Controller may advance up to \$10,000,000 from this fund during any state fiscal year.

In the event of heating oil price increases, this law provides that MaineHousing estimate funds needed to provide adequate assistance to residents eligible for fuel assistance if prices increase more

than 40% and to residents regardless of eligibility for fuel assistance if prices increase more than 50% in any 14-day period during the home heating season and notify the Governor and specified committees of the estimated funding need.

## **AFFORDABLE HOUSING PARTNERSHIP ACT OF 1989, Title 30-A, Chapter 202**

The Affordable Housing Partnership Act of 1989, like the Affordable Housing Program, Chapter 201, Subchapter III-A, grew out of the 1988 Governor's Task Force on Affordable Housing.

### **Subchapter I. Administration and Implementation**

*Findings.* The Legislature found increased land costs, reduced federal housing assistance, and an increased working poor population caused a lack of affordable housing which threatened the health, safety, and welfare of Maine citizens.

*Purpose.* The Act was an attempt to find housing solutions through concerted action among state agencies, municipalities, nonprofit housing developers, and homestead land trusts.

**Subchapter II. Assistance to Municipalities.** This subchapter established a fund for MaineHousing to award grants and loans to municipalities to develop affordable housing and required MaineHousing to identify resources and needs for Maine's homeless, provide technical assistance to municipalities, coordinate housing activities with comprehensive land use planning, require matching resources from municipalities, and work toward mixed income neighborhoods.

**Subchapter III. Nonprofit Housing Corporations and Affordable Housing.** This subchapter required MaineHousing to establish the Office of Nonprofit Housing within MaineHousing to monitor and assist nonprofit housing corporations in providing affordable housing, transitional housing for homeless persons and persons with special needs, homeless shelters, and homestead land trusts for lower income households.

**Subchapter IV. Land Acquisition Program.** This subchapter created two funds and provided specific criteria for MaineHousing to use in awarding grants and loans.

*Nonprofit Corporation Loans and Grants.* The Maine Affordable Housing Land Trust Fund funds grants and loans to nonprofit corporations to purchase land including predevelopment costs and to finance minor capital improvements.

*Municipal Loans.* The Municipal Land Acquisition Revolving Fund provided low-interest loans to municipalities for the acquisition or development of land for affordable housing.

### **Subchapter V-A. Statewide Homeless Council**

*Membership.* The Statewide Homeless Council is an advisory committee to the Governor and consists of the following 11 people: six members appointed by the Governor, two from each of three regional councils; the director of MaineHousing; three members appointed by the Senate President

and the Speaker of the House, one from each regional homeless council; and one member representing the Office of the Governor who serves as the chair.

*Duties.* The council provides leadership and support to regional homeless councils in efforts to end homelessness, develops and coordinates an education campaign regarding homelessness, coordinates information and communication among state agencies and other sectors regarding homelessness, identifies resources and gaps in homeless funding, and makes recommendations on homeless programs and policies. The council reviews plans submitted by the Department of Behavioral and Mental Health Services pursuant to Title 34-B, Section 1221 and proposes amendments and updates to plans and implements a plan to end homelessness.

### **Subchapter VI. Housing Opportunity Zones**

*Urban Revitalization Demonstration Program.* This subchapter authorized MaineHousing in consultation with the Statewide Homeless Council to establish four demonstration housing opportunity zones for housing revitalization in deteriorating urban neighborhoods. MaineHousing was charged with working with the task force and the commissioner of Public Safety to coordinate State resources to be applied to the zones including job training, educational and vocational training, child care, and crime prevention.

## **MUNICIPAL AFFORDABLE HOUSING DEVELOPMENT DISTRICTS, Title 30-A Chapter 206, Subchapter 3**

This law enacted in 2003 authorizes municipalities to create an affordable housing development tax increment financing (TIF) district which benefits from the use of increased property values relating to the district without any offsets to the municipality's State revenue sharing and education subsidies or any increase in the municipality's share of county taxes. A municipality's affordable housing TIF program requires the director of MaineHousing's approval. The law required MaineHousing to adopt a rule providing for the recovery of public revenue if an affordable housing TIF district does not comply with the conditions of its creation.

## **ALLOCATION OF STATE CEILING ON TAX-EXEMPT BONDS, Title 10, Chapter 9**

This statute authorizes the Legislature to allocate the state ceiling of tax-exempt bond authority among the following issuers: MaineHousing, the Treasurer of the State of Maine, the Finance Authority of Maine, the Maine Municipal Bond Bank, and the Maine Educational Loan Authority. The law also provides a mechanism for representatives of the issuers and the Governor's office to allocate unallocated bond cap and reallocated bond cap among the issuers.

## **FEDERAL MANDATES**

MaineHousing is subject to myriad federal requirements that are not unique to MaineHousing. The Federal laws establishing programs run by MaineHousing are described in the "Comparison of Federal Laws and Regulations to State Laws and MaineHousing Rules" section of this report.







# Program Descriptions

## Home Buying Assistance

MaineHousing provides low-interest rate loans and other assistance to help make homeownership affordable, achievable, and sustainable for low to moderate-income homebuyers. Our programs provide low interest mortgages, gap financing assistance (including down payment assistance), after natural disaster damage, and mortgage insurance on hard-to-insure properties. We helped 1,219 people achieve the dream of homeownership in 2006.

- The **First Home Program** provides low-interest rate mortgages and other assistance to help make homeownership affordable for low-to moderate-income first-time homebuyers, including those who have not owned a home in the past three years. The *Maine Assist* program option provides downpayment and closing cost assistance to eligible buyers. The *Purchase Plus Improvement* option allows buyers to roll the cost of home repairs into their mortgages. And the *Mobile Home Self Insured* option provides mortgage insurance for mobile homes on leased land.
  - **Available through: Participating Lenders**
  - **Funding: MaineHousing Bonds, State HOME Fund**
- *Since January 1997, MaineHousing has helped nearly 42,000 people become homeowners through loans totaling over \$1.28 billion.*
- *Our lower interest rate mortgages have saved homeowners more than \$8 million per year in mortgage payments.*
- The **Maine American Dream Initiative (MADI)** helps low-income first-time homebuyers with their downpayments, closing costs, repairs, or other financing to fill the gap between what they can afford and the purchase prices of their homes.
  - **Available through: Community Action Agencies (CAPs)**
  - **Funding: U. S. Department of Housing and Urban Development and Federal HOME Partnership Program**
- The **Disaster Assistance Loan Program** offers low-interest rate home replacement mortgages to homeowners whose homes are damaged or destroyed in a declared natural disaster. The program also offers home repair assistance.
  - **Available through: Designated Lenders**
  - **Funding: MaineHousing Bonds**

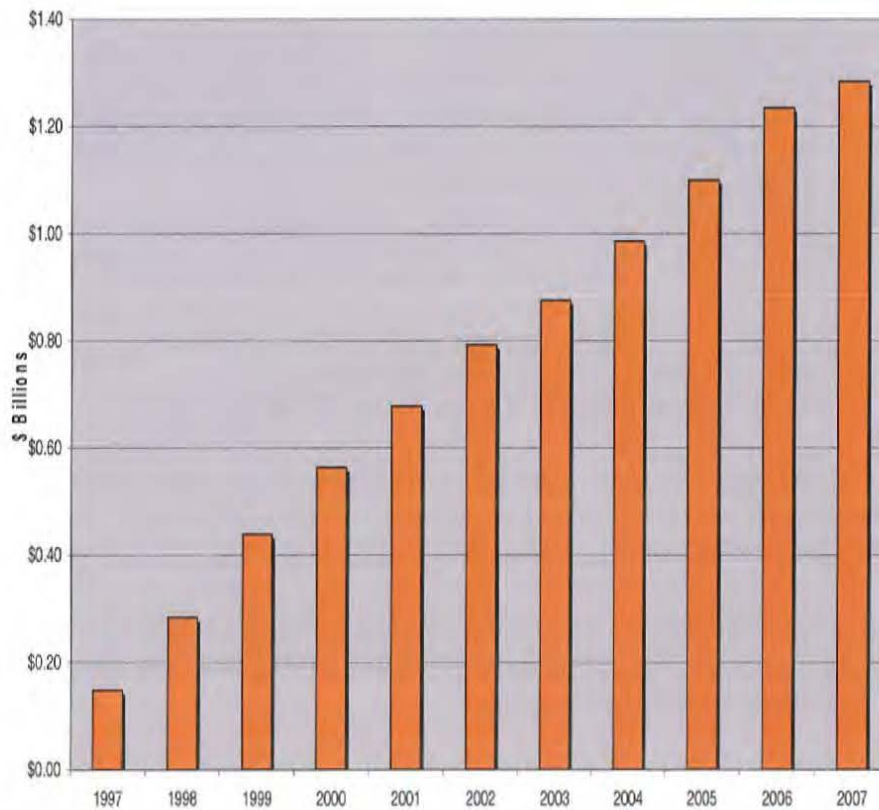


- The **Indian Housing Mortgage Insurance Program** is a mortgage insurance program for Native American homes located on tribal land. This program is established in the Constitution and provides a loan guarantee to lenders who finance homes on tribal land where the restrictions on ownership prevent lenders from holding a mortgage on the property.

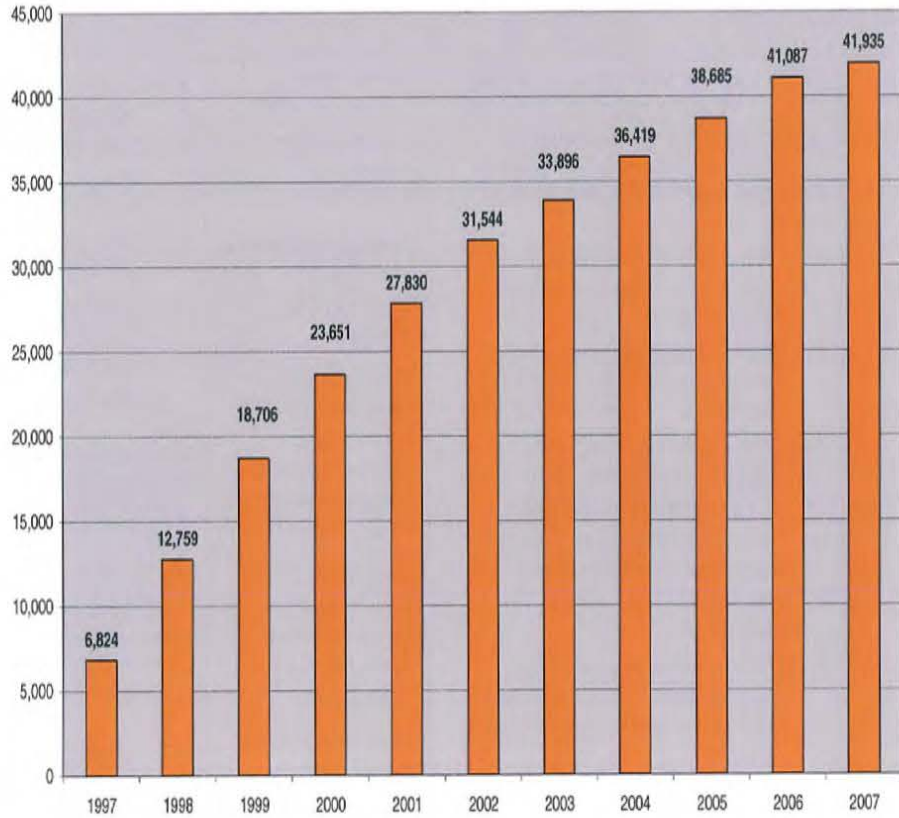
- **Available through: Participating Lenders**  
**Funding: Maine Constitution (Article IX, Section 14-C)**

Currently there are about 120,000 potential homebuyer households in Maine (renter households under age 65), and of these, 62% are low income (incomes below 80% area median income). The need for homebuyer assistance is high, and will continue to grow so long as home prices continue to rise faster than incomes.

**Cumulative First Home Loan Value  
1997 to 2007**



### Total People Now in Homes of Their Own 1997 to 2007



## Home Buying Program Priorities and Performance Summary

Program Name	Goals and Objectives	2006 Achievements	Assessment
<p><b>First Home</b></p> <p>Maine Assist</p> <p>Purchase Plus Improvement</p> <p>Mobile Self Insured</p>	<p>Make homeownership affordable, achievable and sustainable for low and moderate income first-time buyers by providing lower interest financing and addressing special needs.</p> <ul style="list-style-type: none"> <li>• Provide 1,000 or more First Home mortgages at below market rates.</li> <li>• Offer mortgage interest rates competitively below market rates.</li> <li>• Use a geographically diverse mix of participating lenders to reach consumers statewide.</li> <li>• Provide gap financing to those buyers needing to finance down payments, closing costs or repairs.</li> <li>• Self insure mortgages for mobile homes that would not otherwise qualify for mortgage insurance.</li> <li>• Provide homebuyer education to help ensure long term consumer success as homeowners.</li> <li>• Maintain a balance between providing needed consumer assistance and managing financial risk.</li> <li>• Keep people in their homes by maintaining program guidelines that ensure homebuyers have the ability to meet their mortgage obligations.</li> </ul>	<p>1,094 new mortgages with average loan amount of \$122,852.</p> <p>Served customers through 42 participating lenders.</p> <p>Provided Maine Assist to 49% of First Home borrowers with average assistance of \$3,562.</p> <p>Provided Purchase Plus Improvement assistance in 52 mortgages.</p> <p>Provided mobile home self insurance on 74 mortgages.</p> <p>Average First Home interest rate of 5.21% and a First Home with Maine Assist rate of 5.435%, compared with market rates of 6.0-6.4%.</p> <p>133 homebuyer education classes with 2,553 attendees.</p> <p>10% of borrowers: HH &lt;50% AMI</p> <p>35% of borrowers: 50% &lt;HH &lt;80% AMI</p>	<p>Goals and objectives are being achieved.</p> <ul style="list-style-type: none"> <li>• Targets have been met.</li> <li>• First Home mortgages are generally ½ of a point to a point and a half below market rate mortgages.</li> <li>• Offering the program to consumers through geographically diverse participating lenders is both efficient and effective.</li> <li>• Better lender coverage for Aroostook County was achieved this year.</li> </ul> <p>Ongoing market research will help target ongoing marketing and education efforts to first-time buyers in need of assistance.</p> <p>We need to continue to share information with lenders and realtors on program efficiency that will combat preconceptions of an HFA program as restrictive or cumbersome.</p> <p>Loan origination fees are currently recouped through seller points; program staff are evaluating whether a lower or no point option with a higher interest rate to recoup costs might be more desirable to some consumers and the extent of associated portfolio risks.</p> <p>There is some early prepayment risk with Maine Assist loans because they must stay on the books for 10 years to recoup assistance; this is outweighed, however by helping renters to overcome such a significant barrier to homeownership.</p> <p>Following a recent federal change that allows use of bond funds to provide homebuying assistance to veterans, MaineHousing will make this program available to income-eligible veterans and active duty military personnel to help them purchase homes, even if they have owned homes before.</p> <p>Alternative mortgage products in the competitive market that were aggressively marketed to lower income borrowers represented increased competition in 2006</p>

Program Name	Goals and Objectives	2006 Achievements	Assessment
		36% of borrowers: 80% <HH <100 %AMI  19% of borrowers: HH >100% AMI	In the aftermath of the sub-prime lending situation, and with market interest rates rising, MaineHousing's programs will be increasingly needed to help low and moderate income buyers access affordable home financing.  Using MaineHousing's recently redesigned website to more effectively articulate the value of this program to consumers.
<b>Maine American Dream Initiative (MADI)</b>	Help low income first-time buyers fill the gap between the price of a home and what they can afford. <ul style="list-style-type: none"> <li>• Access federal funds and make funds available to consumers through CAP agencies.</li> <li>• Provide assistance to 100 or more low income homebuyers.</li> </ul>	154 homebuyers assisted. Of these, 29 borrowers were also First Home Program borrowers.	Goals and objectives are being achieved. <ul style="list-style-type: none"> <li>• CAP agencies were effective agents to make funds available to first-time buyers.</li> <li>• Target number of homebuyers assisted was exceeded by 50% in 2006.</li> </ul> The demand for this program exceeds available financing; CAAs were directed to stop taking new applications in July 2006 for the remainder of the year because of insufficient funds.  Administrative changes were made in 2006 to align it with the Home Repair Program. This will improve the efficiency of program monitoring and ensure more consistency in administration.
<b>Disaster Assistance Loan</b>	Help low and moderate income homebuyers replace homes lost in declared natural disasters. <ul style="list-style-type: none"> <li>• Offer assistance as needed; specific numeric targets for this program are not set.</li> <li>• Make use of existing First Home program infrastructure and processes to enable home replacement mortgages.</li> </ul>	This program was established in 2006.	Goals and objectives are being achieved. <ul style="list-style-type: none"> <li>• This program makes use of existing First Home infrastructure and processes to offer a new type of assistance to people in need.</li> <li>• The home replacement option under this program is intended to be available if needed, but it is our hope that it never will be.</li> </ul>
<b>Indian Housing Mortgage Insurance</b>	Provide insurance for home sales on tribal lands where ownership restrictions would otherwise be an impediment to mortgage financing. <ul style="list-style-type: none"> <li>• Provide assistance as needed; specific numeric targets for this program are not set.</li> <li>• Make the program available through lenders located in reasonable proximity to tribal lands.</li> </ul>	No homebuyers were assisted in 2006.	Volume is low due to low turnover and other available federal programs but the program is available when homebuyers need it.  MaineHousing is working closely with the tribes on other projects to provide affordable housing. Key among these is our work with Four Directions Development Corporation, a tribal corporation created by the four Maine tribes, which is working to develop housing .

## Home Improvement Programs

MaineHousing offers many programs to help lower income homeowners with their home improvement needs by providing grants or low cost loans for health and safety related repairs and improvements —

- Repair or replace failed wells or septic systems.
- Make heating, electrical, or structural repairs.
- Make homes lead safe.
- Improve home accessibility for persons with disabilities.
- Improve home energy efficiency.
- Repair homes damaged in declared natural disasters.

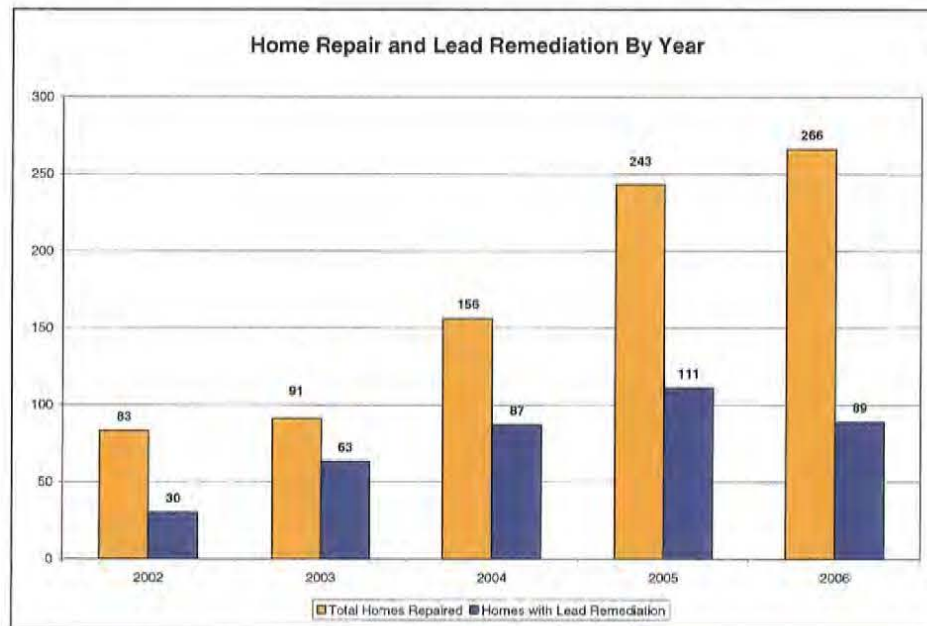
MaineHousing offers most of its home repair assistance through the **Maine Home Repair Network**, a unique collaboration of state and federal agencies, which provides 1% mortgages or 0% deferred/forgivable mortgages (i.e. 0% interest rate with no monthly payment) to low-income homeowners to fund basic home repairs. The assistance may be used for a variety of home rehab needs, such as heating and electrical repairs, roof and structural repairs, repair or replacement of substandard or failed septic systems, and other health and safety improvements. MaineHousing also funds Alpha One's **Home Retro Program** which provides home accessibility improvements.

- *In 2006, MaineHousing financed home repair and accessibility improvements in 266 homes and replaced 20 homes that were beyond repair.*
- *We also financed improvements to make 89 homes with at-risk children lead-safe, and trained 188 contractors in lead-safe building practices.*

The MaineHousing programs accessed through the network are financed with a combination of federal HOME Partnership Program and State HOME funds and are offered to consumers through CAP agencies. Home Retro is funded with State HOME funds.

- MaineHousing's **Lead Hazard Control Program** provides 0% deferred, forgivable loans to make lower-income homes lead safe. Making homes lead safe may involve paint removal or stabilization. It may also involve window and door replacements. The entire amount of the loan is forgiven after 3 years, provided that the property isn't refinanced or sold during that time, and in the case of rental property, that the units are kept affordable. This requires a match from us. For the last grant we contributed \$1million to HUD's \$3 million.
  - **Available through: Community Action Agencies (CAPs)**
  - **Funding: Federal Grant and State HOME Fund**


- The **Home Energy Loan Program (HELP)** provides very low interest rate loans to low- and moderate-income homeowners to finance improvements to make their homes more energy efficient. Income eligible homeowners may borrow up to \$15,000 at 1% interest (for those who use and follow the recommendations of an energy audit) or 3% (for those who do not).
  - **Available through: Designated Lenders**
  - **Funding: MaineHousing Bonds**
  
- The **Disaster Assistance Loan Program** offers low-interest rate home repair loans and home replacement mortgages to homeowners whose homes are damaged or destroyed in a declared natural disaster.
  - **Available through: Participating Lenders**
  - **Funding: MaineHousing Bonds**




## Need for Home Improvement Programs

With the 14<sup>th</sup> oldest housing stock in the nation and the 35<sup>th</sup> lowest per capita income, the unmet need for home improvement assistance is substantial. There are an estimated 55,000 substandard homes in Maine – homes that lack complete plumbing, complete kitchen, or are mobile homes constructed before 1976, or some combination thereof. Approximately 350,000 homes likely have lead paint, and more than one-third of these house children under the age of 6 who may be at risk from lead paint hazards.

## Home Improvement Program Priorities and Performance Summary

Program Name 	Goals and Objectives	2006 Achievements	Assessment
<p><b>Home Repair Programs</b></p> <p>Home Repair</p> <p>Home Replacement</p> <p>Elderly Hardship Grants</p> <p>Home Retro</p>	<p>Make necessary home repairs achievable and affordable for low income homeowners.</p> <ul style="list-style-type: none"> <li>• Provide efficient consumer access to multiple state and federal financing programs via a single application through CAP agencies.</li> <li>• Enable home improvements in at least 150 homes.</li> <li>• Ensure that repairs result in a suitable living environment that meets HUD Housing Quality Standards (HQS).</li> </ul>	<p>Financed home repairs in 104 homes.</p> <p>Replaced 20 homes that were beyond repair.</p> <p>Provided 86 Elderly Hardship Grants.</p> <p>Financed accessibility improvements in 33 homes.</p>	<p>Goals and objectives are being achieved.</p> <ul style="list-style-type: none"> <li>• Targets were met in 2006 and are on track for being met in 2007.</li> <li>• All homes repairs are inspected and verified as meeting HQS.</li> <li>• The Home Repair Network provides efficient access to multiple state and federal programs with a single application.</li> </ul> <p>Because multiple state and federal programs are accessed through a single vehicle, both state and federally funded programs save on administrative costs.</p> <p>The Home Repair Network is an effective ongoing collaboration of U.S.D.A. Rural Development, Maine Department of Economic &amp; Community Development, CAP agencies, and MaineHousing.</p> <p>Some CAP Agencies have higher production than others. We are looking at whether there is sufficient capacity to provide assistance in all counties.</p> <p>Funding home improvements helps local and state economies, and rehab of homes in disrepair can lead to neighborhood revitalization and improves the health and safety of occupants. In addition, accessibility improvements help keep seniors in their own homes for longer, making more efficient use of health care dollars and contributing to neighborhood strength and vitality.</p> <p>There are unmet home repair needs in homes that cannot be brought up to HQS standards with available funds, and yet who are in desperate need of home repair. There are also significant home repair needs in middle income homes that do not qualify for this program.</p>

Program Name 	Goals and Objectives	2006 Achievements	Assessment
<b>Lead Hazard Control</b>	<p>Make lead safe homes achievable and affordable for low income people with at risk children.</p> <ul style="list-style-type: none"> <li>• Provide financial assistance to make homes with at risk children lead safe; provide assistance to 70 homes annually.</li> <li>• Provide access through CAP agencies.</li> <li>• Train contractors in lead safe practices so that more consumers will have lead safe homes.</li> </ul>	<p>Financed improvements to make 89 homes lead safe.</p> <p>Trained 188 contractors.</p>	<p>Goals and objectives are being achieved.</p> <p>Giving highest priority to homes with children who have tested positive for lead poisoning ensures that limited resources are used to help the children at highest risk.</p> <p>This program currently depends on a 3 year grant from the U.S. Department of Housing &amp; Urban Development (HUD). With the current grant soon to end, MaineHousing will be pursuing additional HUD funding.</p>
<b>Home Energy Loan Program (HELP)</b>	<p>Provide access to low interest financing for low and moderate income consumers to make their homes more affordable to live in by improving home energy efficiency.</p> <ul style="list-style-type: none"> <li>• Encourage the use of a home energy audit to identify cost effective efficiency improvements by offering an interest rate advantage.</li> <li>• Offer the program to consumers through a familiar financing providers – local lenders.</li> </ul>	<p>Provided 5 loans at 3% interest and 1 loan at 1% interest, with an average loan amount of \$12,500.</p> <p>This program was introduced in September 2006.</p>	<p>The program has not yet been evaluated in detail because it is just a year old.</p> <p>MaineHousing is currently assessing whether offering this program through participating lenders is the best way to reach consumers, or whether this program should also or instead be offered through CAP agencies.</p> <p>One challenge associated with offering the program through lenders is that for moderate income consumers, the program competes with the lenders' own financing options (e.g. home equity loans). Another challenge is that lower income consumers may be more likely to consult their local CAP agencies.</p>
<b>Disaster Assistance Loan Program</b>	<p>Provide fast access to capital to homeowners whose homes were damaged in declared natural disasters so that they can make necessary home repairs.</p> <ul style="list-style-type: none"> <li>• To reach both low and moderate income consumers, offer this product through banks and other lenders where consumers would naturally go for financial assistance.</li> <li>• Make the program readily available to those in need, but without specific targets of people served. Actual people served should depend on the extent of declared disasters and other consumer options for quickly accessing capital.</li> </ul>	<p>Provided 4 repair loans with an average loan value of \$11,002. (This program was new in 2006.)</p> <p>Offered the home repair loan option through participating lenders active in areas hit by recent declared disasters.</p>	<p>This program was intended to provide efficient access to capital to homeowners whose homes suffered damage in declared natural disasters and where insurance proceeds, federal assistance, or other financing was either insufficient or not available as quickly. For that reason, the program should not be assessed based on the number of people who chose to access it, but rather, on whether the program was readily available to those who needed it.</p> <p>MaineHousing is assessing how this financing product compares with home repair financing available in the competitive market, and the extent to which there is continuing need.</p>



## Homeless Assistance

MaineHousing's homeless assistance programs finance emergency shelters, offer rental assistance to people who are homeless and working toward self-sufficiency, and provide assistance with security deposits. In 2006, we provided rental assistance to 617 individuals and families working toward self sufficiency, and 97 security deposits.

- The **Rental Assistance Coupon Plus Program (RAC+ Program)** offers two years of rental assistance to eligible people who have been homeless for seven or more consecutive days and who are willing to participate in a self-sufficiency program.

- **Available through: MaineHousing**
- **Funding: Federal HOME Partnership Program**

- *In 2006, MaineHousing financed 4 new supportive housing projects with 44 units, most for people who are homeless.*
- *MaineHousing provided more than \$3 million to assist 42 shelters who together provided 246,464 bednights of service.*

- The **Security Deposit Program** helps people who are homeless secure stable housing by providing a security deposit up to an amount equivalent to one month's rent. Qualifying tenants are identified by shelters, and payments are made directly to landlords.

- **Available through: MaineHousing**
- **Funding: State HOME Fund**

- The **Shelter Grant Program** leverages funds from federal and state sources to support shelters throughout Maine by providing funds for operating expenses and capital improvements.

- **Available through: MaineHousing**
- **Funding: Federal Emergency Shelter Grant, State HOME Fund, General Fund**

- A **Shelter Repair Grant Program** is offered every 2-3 years to assist existing emergency shelters with repairs. This program was offered in 2007.

- **Available through: MaineHousing**
- **Funding: State HOME Fund**

- The **Emergency Winter Response Program** provides funding to emergency shelter providers to house people off site when shelters are full. Up to \$500 is available per homeless household.
  - **Available through: Homeless Shelters**
  - **Funding: State HOME Fund**
  
- The **Continuum of Care—Balance of State Program** enables MaineHousing to access federal grant funds on Maine’s behalf.<sup>1</sup> The program facilitates competitive solicitation of development projects and ongoing service funding to support them. It also facilitates ongoing collaboration with a wide range of service providers. This program requires a dollar for dollar (100%) match from us, which we get from the State HOME Fund.
  - **Available through: Continuum of Care**
  - **Funding: State HOME Fund**
  
- The **Homeless Management Information System (HMIS)** is a shared, statewide data system for a wide range of homeless service providers. Development of an HMIS is a requirement of the Continuum of Care Grant; MaineHousing has taken the lead on developing a statewide HMIS for the State’s 3 Continuums of Care.
  - **Available through: MaineHousing**
  - **Funding: Federal Funds and State HOME Fund**

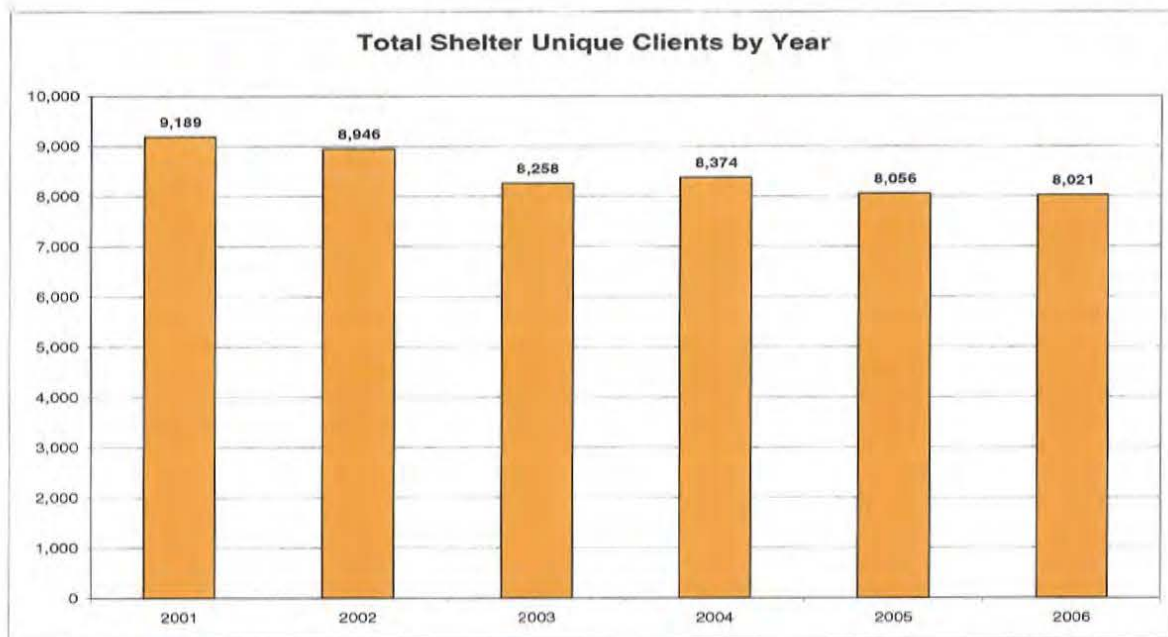
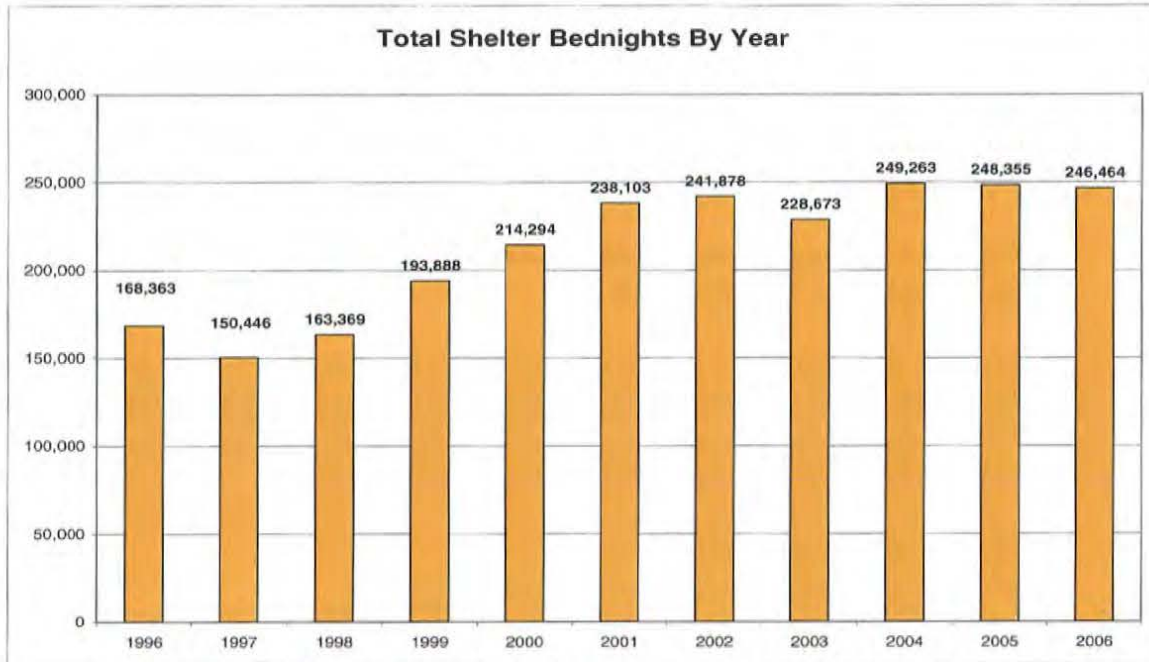
MaineHousing’s commitment to work to end homelessness in Maine is also evident in our wider program offerings. For example, people who are homeless receive preference for rental assistance provided through the Section 8 Housing Choice Voucher Program. In addition, MaineHousing’s Development programs finance the development of transitional and supported housing. MaineHousing also allocates some State HOME funds to a statewide Homeless Advocacy Project that helps prevent evictions.

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<sup>1</sup> There are 3 continuums in Maine – one for the City of Portland, one for Penobscot County, and one for the Balance of State, which is the program that MaineHousing facilitates.

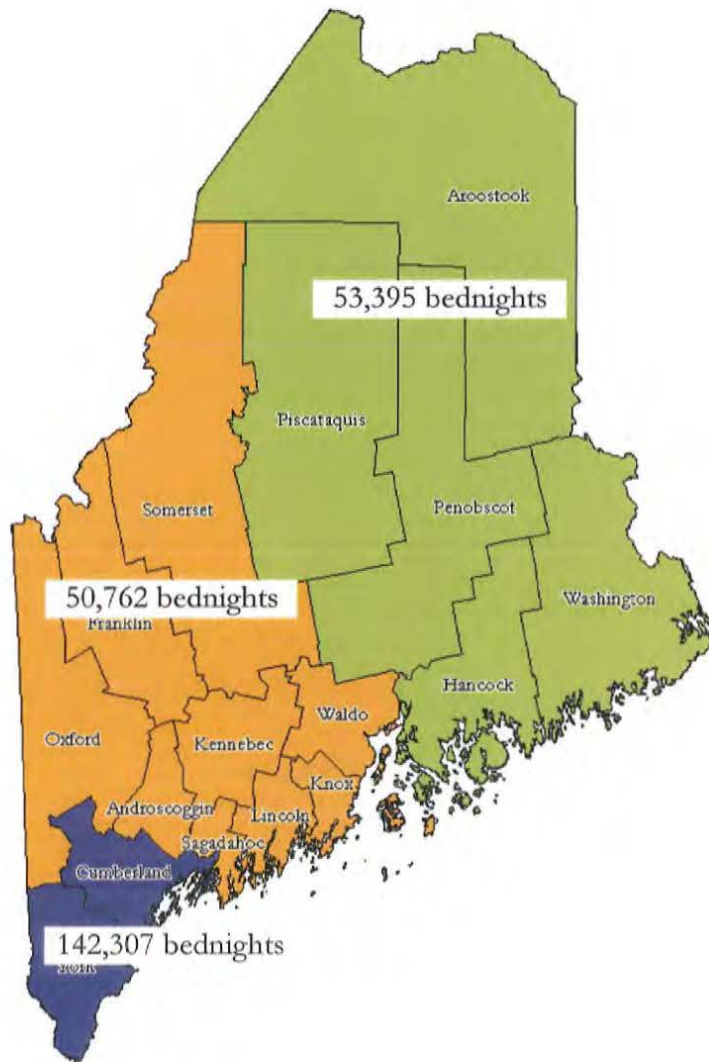
## Need for Homeless Assistance

The unmet need for stable housing is disheartening. At least 8,000 people were homeless in Maine in 2006. Over the past 10 years, shelters funded with assistance from MaineHousing provided over 2.3 million bednights of service.




# Homeless Shelter Bednights 2006

Region I  
Region II  
Region III



## Homeless Assistance Program Priorities and Performance Summary

Program Name	Goals and Objectives	2006 Achievements	Assessment
 <p><b>Rental Assistance Coupons (RAC+)</b></p>	<p>Enable people who are homeless to achieve decent affordable housing.</p> <ul style="list-style-type: none"> <li>• Assist 120-150 new households</li> <li>• With consulting assistance, evaluate the process for providing services and identify opportunities for improvement.</li> </ul>	<p>219 new individuals and families received rental assistance coupons and self sufficiency planning.</p> <p>A total of 617 individuals and families received assistance from the program in 2006 (this includes people who were awarded coupons in 2004 and 2005).</p>	<p>Goals and objectives are being achieved.</p> <p>A majority of RAC+ participants achieve self sufficiency after program participation. Because of program need and limited staff resources, however, the success rate has dropped slightly because staff counselors have had insufficient time to follow up with participants. To address this need, additional resources will be devoted to processing applications to free up counselors' time. The program is staff intensive, but it is the key to success.</p> <p>Process improvements have been made, so that the average time on the waiting list has been reduced from 4-6 weeks to 3.</p>
<p><b>Shelter Grant Program</b></p>	<p>Support emergency shelter providers by providing access to funds for operating expenses and capital investments.</p> <ul style="list-style-type: none"> <li>• Access federal ESG funds on Maine's behalf and use them to:               <ul style="list-style-type: none"> <li>○ Improve the quality of 42 existing shelters</li> <li>○ Help fund essential services and operating costs</li> <li>○ Fund prevention programs</li> </ul> </li> <li>• Leverage federal and state funds to efficiently assist emergency shelter providers.</li> <li>• Collaborate with homeless service providers to improve the funding formula and program delivery.</li> </ul>	<p>Accessed \$760,000 in federal ESG funds.</p> <p>Using federal ESG funds, state general funds, and state HOME funds, 42 shelters received financial assistance to provide 246,464 bednights of service.</p>	<p>Goals and objectives are being achieved.</p> <p>Six months of proactive stakeholder outreach resulted in a consensus recommendation to revise the Homeless Programs Rule. With flat funding over and with increasing competition for limited funds, it was decided to better target funds to service providers based upon occupancy.</p> <p>The new shelter funding formula is more fair. In effect, 15% of the funds are distributed evenly across agencies. The balance of funds is paid out to shelters based on bednight volume, at a set cost per bednight.</p> <p>As part of the application process for funds, we are now collecting information on each shelter's total operating budget so we better understand the role MaineHousing's funds play.</p>

Program Name	Goals and Objectives	2006 Achievements	Assessment
<b>Security Deposit Program</b>	<p>Enable people who are homeless to secure stable housing by providing assistance with security deposits and making the payments directly to landlords.</p> <ul style="list-style-type: none"> <li>• In 2006, the program was intended to facilitate use of available Section 8 Housing Choice Vouchers.</li> <li>• Set aside funds for nonprofits helping people in parts of the state that don't have emergency shelters.</li> </ul>	<p>Authorized security deposits for 155 households and provided 97 security deposits to enable people who were homeless to secure stable housing.</p>	<p>Goals and objectives are being achieved.</p> <p>This program was successful in helping people who were homeless make use of Housing Choice Vouchers during a concentrated lease up campaign in late 2006.</p> <p>Initially, participants were required to provide proof that they had applied for other assistance with security deposits before coming to this program; given security deposit assistance more often than not is unavailable, this requirement has been eliminated.</p> <p>To make efficient use of existing service infrastructure and limited funds, in 2007 program eligibility was narrowed to people who are homeless who are staying in emergency shelters. The definition of shelters eligible for this program is the same as that used in the Emergency Shelter Grants Program.</p> <p>Providing the security deposit directly to the landlord on the customer's behalf works well.</p>
<b>Shelter Repair Grant RFP</b>	<p>Assist existing emergency shelters with capital improvements and maintenance needs.</p> <ul style="list-style-type: none"> <li>• Fund, in order of priority, health &amp; safety related repairs, energy efficiency improvements that will reduce long term operating costs, and general repairs.</li> <li>▪ Make efficient use of limited funds.</li> </ul>	<p>Not offered in 2006.</p>	<p>Goals and objectives are being achieved.</p> <p>Applications were efficiently processed and funds awarded quickly.</p>

Program Name	Goals and Objectives	2006 Achievements	Assessment
<b>Emergency Winter Response Program</b>	<p>Ensure people who are homeless have access to safe, warm shelter.</p> <ul style="list-style-type: none"> <li>• Provide funding to emergency service providers to temporarily house people in motels in cases where shelters are full.</li> <li>• Require a coordinated, community support structure to ensure other options are identified in the time available.</li> <li>• Limit assistance to \$500 per household.</li> <li>• Evaluate whether the program should be continued, and if so, whether modifications are desirable.</li> </ul>	<p>72 households consisting of 141 homeless men, women and children were served.</p>	<p>Goals and objectives are being achieved.</p> <p>However, a week in a hotel may not be sufficient time to access stable housing alternatives; for this reason MaineHousing is in the process of evaluating opportunities for improvement.</p> <ul style="list-style-type: none"> <li>• Evaluating how to ensure fair distribution of funds across the state.</li> <li>• Evaluating how to incent the most efficient use of limited funds to not only temporarily house but also to transition people to more stable alternatives.</li> </ul>
<b>Continuum of Care – Balance of State</b>	<p>Access federal funds to support permanent supportive and or transitional housing and services.</p> <ul style="list-style-type: none"> <li>• Give priority to funding capital investments in new housing units over services.</li> <li>• Facilitate ongoing collaboration with a wide range of homeless service providers.</li> </ul> <p>Complete a strategic assessment of housing and related assistance available to people who are homeless, including the gap between what is available and current demand.</p> <ul style="list-style-type: none"> <li>• Point-in-Time survey, that provides a count of all individuals homeless on a particular day, and information on demographics and needs.</li> <li>• Complete an inventory of emergency, transitional, and permanent supportive housing for people who are homeless.</li> <li>• Work closely with DHHS to access federal funds for their Shelter Plus Care Program which provides housing vouchers and services for homeless people with mental illness.</li> </ul>	<p>Successfully brought \$5.4 million in federal funds to Maine for building supportive housing and to facilitate ongoing collaboration among homeless service providers.</p>	<p>Goals and objectives are being achieved.</p> <p>Ongoing priority on capital investments is appropriate because under federal requirements, funding services is an ongoing obligation that commits not only current funds but also funding in future years.</p>

Program Name 	Goals and Objectives	2006 Achievements	Assessment
<b>Homeless Management Information System (HMIS)</b>	Develop and maintain a shared, statewide data system with a wide range of homeless service providers. <ul style="list-style-type: none"> <li>• Access federal funds for developing an HMIS.</li> <li>• Include data on individual clients including personal characteristics and services accessed.</li> <li>• Ensure security of client data.</li> </ul>	System under development.	<p>Goals and objectives are being achieved.</p> <p>An HMIS system is a federal condition of the Continuum of Care Grant. MaineHousing has taken the lead to develop this system statewide for the benefit of the State's 3 Continuums of Care. This will ensure efficient collection and management of data statewide, rather than development and maintenance of 3 separate systems.</p> <p>Providing technical staff to help homeless service providers make use of the system is improving participation and quality of data.</p>



## Rental Assistance

Rental housing costs are increasingly out of reach for many lower and moderate income Maine people. Rental assistance, either in the form of housing choice vouchers or subsidized apartments can help. Vouchers can help pay rent in market apartments. Subsidized apartments provide qualified tenants below-market rents.

- MaineHousing's **Section 8 Housing Choice Voucher Program** provides rental assistance to income-eligible tenants by subsidizing a portion of their monthly rents and paying it directly to their landlords. The assistance provided is the difference between what the tenant pays toward rent (generally 30% to 40% of the household's adjusted gross income) and the cost of the rent.

- **Available through: MaineHousing Agents**
- **Funding: U.S. Department of Housing and Urban Development**

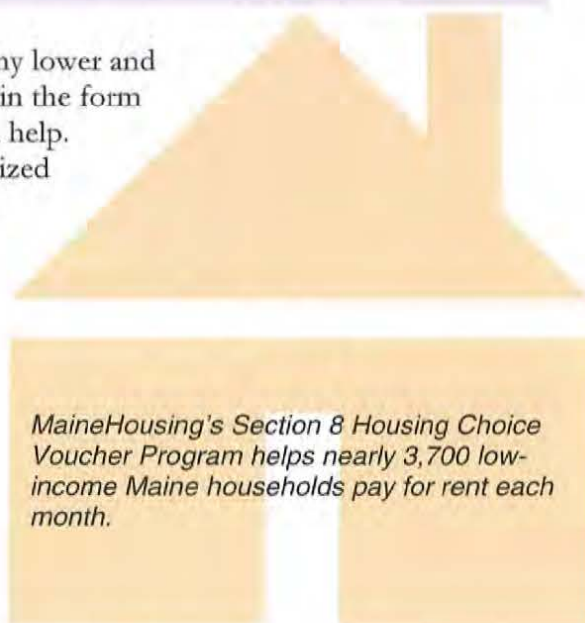
- MaineHousing's Asset Management Department ensures that the apartments remain affordable and that the conditions of financing are met. MaineHousing's asset managers currently manage a portfolio of more than 17,000 units.

- **Funding: U.S. Department of Housing and Urban Development**

To help consumers find affordable apartments developed with government financing, MaineHousing also staffs a **Housing Referral Phonenumber** that provides contact information for landlords with affordable apartments and answers other questions about affordable housing. In 2006, MaineHousing's Housing referral staff handled information requests from more than 5,000 people.


## Need for Rental Assistance

As a general rule, a renter household is considered "rent burdened" if it pays more than 35% of gross household income in rent. In Maine, more than a third of all renter households are rent burdened, and more than 27% of low income renter households are rent burdened.



*MaineHousing's Section 8 Housing Choice Voucher Program helps nearly 3,700 low-income Maine households pay for rent each month.*

## Rental Assistance Program Priorities and Performance Summary

<b>Program Name</b> 	<b>Goals and Objectives</b>	<b>2006 Achievements</b>	<b>Assessment</b>
<b>Section 8 Housing Choice Voucher Program</b>	<p>Obtain available federal rental subsidy on Maine's behalf.</p> <ul style="list-style-type: none"> <li>• Pass through rental subsidy to qualifying tenants quickly and efficiently.</li> <li>• Use existing service infrastructure to interface with consumers where feasible; provide direct service in house where it is not.</li> <li>• Increase the use of document imaging and scanning to allow more efficient staff access to information.</li> <li>• Continuously improve administrative processes to provide efficient and effective customer service.</li> </ul>	<p>Served an average of 3,673 households each month.</p> <p>Disbursed \$18.8 million in federal rent subsidy.</p> <p>Provided assistance to consumers via 4 program agents (3 CAP agencies and one non-profit housing agency.)</p> <p>Directly administered 455 vouchers.</p>	<p>Goals and objectives are being achieved.</p> <p>Bringing administration of vouchers from 5 counties in house has resulted in better customer service and much shorter waits for housing quality standard inspections. MaineHousing will evaluate in 2008 whether administration should remain in house or be put out to bid.</p> <p>Federal administrative fees fully support program administrative costs.</p> <p>Providing a preference for people who are homeless provides rental assistance to the neediest people and is consistent with MaineHousing's commitment to work to end homelessness. The challenge is that waiting lists are very long for very low income seniors and families who are not homeless.</p> <p>It is difficult to maximize the use of all possible vouchers at any given time because of the barriers that many clients face (e.g. poor tenant references, lack of security deposits, and little available housing in our jurisdiction.)</p> <p>The program is very complicated and can be difficult to explain to clients. This is largely a function of federal requirements, but MaineHousing should continue to do everything it can to simplify and streamline those aspects of the program within our control.</p>

## Energy Assistance Programs

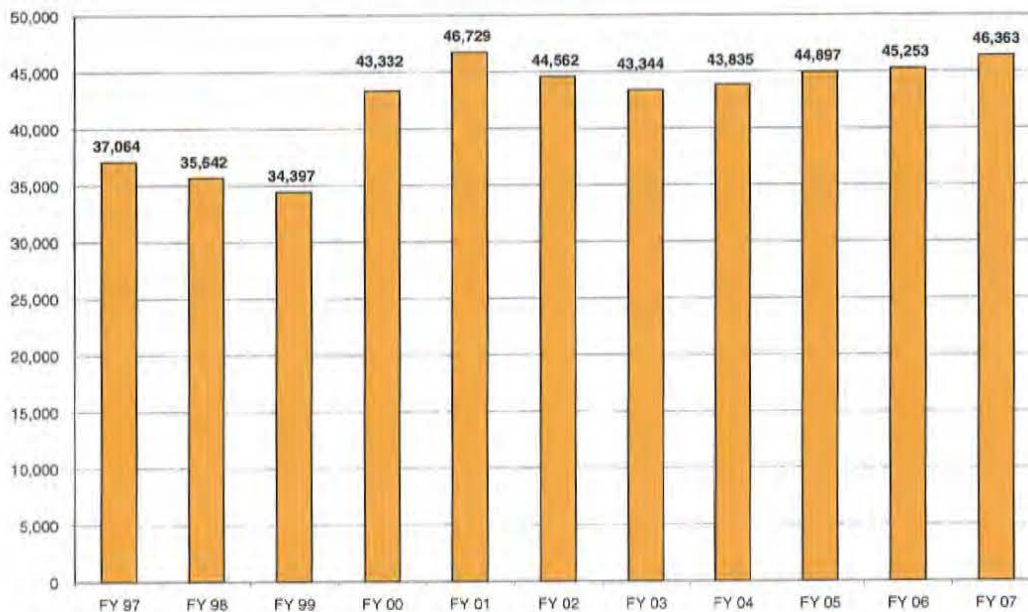
MaineHousing energy assistance programs assist people who cannot afford to heat their homes or pay electric bills, and who would benefit from energy efficiency improvements such as new insulation, a new heating system, or more energy efficient appliances.

- **The Low Income Home Energy Assistance Program** (commonly called LIHEAP) provides money to low income homeowners and renters to help pay heating costs. Citizens apply throughout Maine at one of the 10 Community Action Agencies. In most cases the funds are sent directly to the fuel vendors by MaineHousing. The program is not intended to pay for all heating costs, but to assist in paying the heating bills. LIHEAP is 3% of the heating oil market in Maine. There is a tribal set-aside that is distributed at the federal level.
  - **Available through: Community Action Agencies (CAPs)**
  - **Funding: U.S. Department of Health and Human Services**
- *In the 2006-2007 heating season, 46,363 households received an average heating benefit of \$567*
- *Over \$1.045 million in emergency fuel was delivered to 3,918 households.*
- **Low Income Assistance Plans (LIAP)** help low-income homeowners and renters with their electric utility bills.
  - **Available through: Community Action Agencies (CAPs), Electric Utilities**
  - **Funding: Electric Utilities**
- MaineHousing's **Weatherization Program** and **Central Heating Improvement Program (CHIP)** provide grants to low-income homeowners and renters to improve home energy efficiency and perform energy-related repairs.
  - **Available through: Community Action Agencies (CAPs)**
  - **Funding: U.S. Department of Health & Human Services, U.S. Department of Energy**

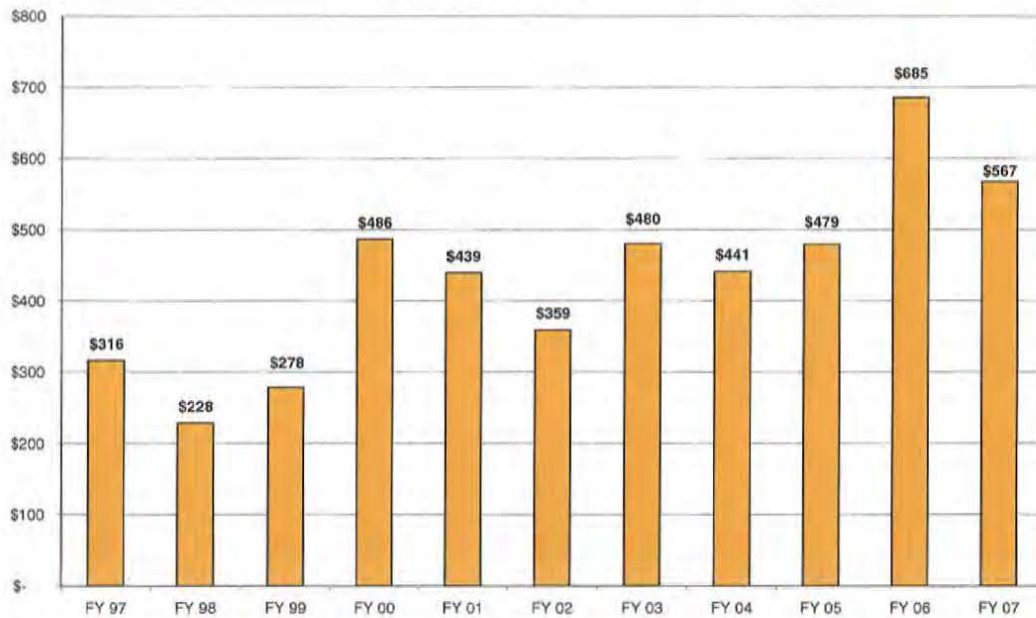
- **The Residential Energy Assistance Challenge (REACH) Program.** Under this program, MaineHousing is demonstrating and testing applications of renewable and efficient technologies as a way to make housing more affordable.
  - **Available through: MaineHousing**
  - **Funding: U.S. Department of Health & Human Services**
  
- **The Appliance Replacement Program** is designed to help low-income households reduce their energy costs through replacement of older refrigerators and other home appliances that are inefficient and expensive to operate, and through consumer education.
  - **Available through: Community Action Agencies (CAPs)**
  - **Funding: Efficiency Maine**

Most of the programs described above share the same application process as a way to minimize administrative costs and maximize customer service. Since one application identifies eligibility for multiple programs, and since the programs work in concert to improve home energy efficiency and reduce household energy costs, this package of programs offers both energy and administrative efficiency.

**LIHEAP HouseHolds**



LIHEAP Average Benefit




Because an energy efficient home is one that is more cost-effective to operate and maintain, MaineHousing also finances energy related improvements in some of its home improvement programs. And new housing developments financed by MaineHousing after 2006 will be built to MaineHousing's Green Building Standards, which include provisions for energy efficient construction.

## Need for Energy Assistance Programs

An estimated 121,650 Maine households have incomes at or below 150% of the poverty line, the baseline of eligibility for LIHEAP and related programs.

## Energy Assistance Program Priorities and Performance Summary

Program Name 	Goals and Objectives	2006 Achievements	Assessment
<p><b>Low Income Home Energy Assistance Program</b> Energy Assistance Emergency fuel</p>	<p>Provide energy assistance to people with incomes at or below 150% of federal poverty guidelines (170% in special cases).</p> <ul style="list-style-type: none"> <li>• Provide energy assistance to all eligible applicants (estimated to be about 48,600 in 2007)</li> <li>• Provide emergency fuel to people who have run out of fuel and have no means to purchase more.</li> <li>• Offer the program to consumers through CAP agencies, who offer complimentary services to the same customer base.</li> <li>• Develop and maintain a shared data processing system with CAP agencies and provide real time access to information.</li> <li>• Use the LIHEAP application process to screen applicants for other types of assistance that depend on LIHEAP eligibility.</li> <li>• Look for ways to continuously improve the efficiency of the application and delivery process.</li> <li>• Use the buying leverage of the LIHEAP program to get savings for consumers by requiring participating fuel dealers to price oil with pre-set profit margins; dealers have a choice of a "margin over rack" price, or a "discount off retail" price.</li> <li>• Offer a furnace clean, tune and evaluate option so that home energy is used more efficiently.</li> </ul>	<p>Provided energy assistance to 45,253 households in the 05-06 heating season, and an average benefit of \$678; in the 06-07 heating season 46,363 households received assistance with an average benefit of \$567</p> <p>Provided over \$1.045 million in emergency fuel to 3,918 households in need.</p> <p>The program was offered to consumers through participating CAP agencies.</p> <p>Streamlined the benefit payment process by bringing it in house so that the program would support a single, centralized payment system rather than separate ones.</p> <p>Processed applications more quickly, resulting in getting fuel buying power to customers significantly earlier in the heating season.</p>	<p>Goals and objectives are being achieved.</p> <ul style="list-style-type: none"> <li>• Energy assistance was provided to all eligible applicants.</li> <li>• Development of the MERAC computer system has centralized payment processing and data processing, resulting in administrative efficiencies and better customer service.</li> <li>• New discount pricing requirements are resulting in more fuel per dollar spent.</li> </ul> <p>The focus in 2006-07 has been on how to make the most of limited federal funds to provide maximum benefit to consumers. Requiring discount pricing of oil and kerosene has been controversial with some dealers, but has resulted in substantial benefit to some of Maine's most needy families.</p> <p>About half of the people in Maine estimated to be eligible for the program apply. Because funds are limited, however, if the program served everyone who qualified, the average fuel assistance benefit would be half as big.</p> <p>Cleaning, tuning, and evaluating furnaces is expected to result in more efficient use of the fuel purchased. MaineHousing is looking into the possibility of offering programmable thermostats at the same time to ensure further energy savings.</p>

Program Name	Goals and Objectives	2006 Achievements	Assessment
<b>Low Income Assistance Plans (LIAP)</b>	Use the LIHEAP application process to identify consumers who may be eligible for their electric utility's LIAP. <ul style="list-style-type: none"> <li>• Submit information to the electric utility LIAP on the consumer's behalf for all interested LIHEAP customers.</li> </ul>	Screened more than 46,000 applicants for LIAP eligibility.  Identified 26,287 households likely eligible for their electric utility's LIAP in 05-06.	Goals and objectives are being achieved.  Using the LIHEAP application process to identify households who are also eligible for LIAP is an efficient use of administrative resources.
<b>Weatherization Program and Central Heating Improvement Program (CHIP)</b>	Fund home energy improvements so that less energy is needed in low income homes, making homes more affordable and comfortable for the long term. <ul style="list-style-type: none"> <li>• Use the LIHEAP application process to identify eligible households.</li> <li>• Leverage Weatherization funds from two federal sources and central heating improvement funds to fund long-lasting home energy improvements.</li> <li>• Look for ways to continuously improve efficiency in program delivery.</li> </ul>	Provided energy improvements in about 1,707 homes in calendar year 2006.  Provided central heating improvements to 1,079 homes in grant year 05-06.	Goals and objectives are being achieved.  Leveraging funds is important, because the \$2,800 per household spending cap in the U.S. DOE grant would prevent the program from maximizing cost effective energy savings per household visited.  Selecting the most cost effective weatherization improvements on the basis on an energy audit makes efficient use of dollars invested.  Using the LIHEAP application process to identify households who are also eligible for Weatherization or CHIP makes efficient use of administrative resources.  In 2008, Program staff will evaluate how best to take advantage of opportunities from the new shared MERAC data processing system developed under LIHEAP.
<b>Appliance Replacement Program</b>	Provide more efficient appliances that are less costly for households to operate and maintain. <ul style="list-style-type: none"> <li>• Use the LIHEAP application process to identify eligible households.</li> <li>• Look for ways to continuously improve program delivery.</li> </ul>	Replaced 2,799 less efficient refrigerators with more efficient ones.  Installed 29,804 compact fluorescent light bulbs.	Goals and objectives are being achieved.  Using the LIHEAP application process to identify households who are also eligible for Appliance Replacement makes efficient use of administrative resources.  MaineHousing is considering expanding the program to make cost effective investments in energy efficient water heaters.  Replaced appliances will be Energy Star rated.
<b>Residential Energy Assistance Challenge (REACH) Program</b>	Use competitive federal grant funds to test and demonstrate the benefits of renewable and energy efficient technologies as means of improving home affordability. <ul style="list-style-type: none"> <li>• Serve 200 homes in 2007.</li> </ul>		Goals and objectives are being achieved.  Demonstrating the efficiency of Maine produced technology such as the cold climate heat pump not only improves energy affordability in the test homes. If the heat pumps are shown to be cost effective it will help reduce market barriers and advance economic development.

## Housing Development and Subsequent Financing Programs

MaineHousing offers a variety of programs to finance development of affordable housing and ensure its long term viability. MaineHousing **development programs** offer low income housing tax credits, development loans, direct development subsidies, and affordable housing tax increment financing. Some programs finance housing specifically for low and very low income families, seniors, and people with special needs. Other programs finance housing for lower and moderate income people.

MaineHousing **subsequent financing programs** provide options for qualifying owners of affordable housing to obtain supplemental financing after a project is developed, and to refinance qualifying MaineHousing debt. Extended affordability periods on the affordable housing units are usually required. In 2006, MaineHousing processed 3 subsequent loans and refinanced 18 loans, resulting in 112 years of additional unit affordability.

*In 2006, MaineHousing financed 208 new housing units:*

- 3 new workforce housing projects with 137 units,
- 1 new senior project with 20 units, and
- 10 new supportive housing projects with 51 units.

## Development Programs

MaineHousing offers several development programs, designed so MaineHousing can leverage multiple types of financing that result in new affordable housing.

- The **Low Income Housing Tax Credit Program** allocates federal tax credits. The credits are allocated to developers, who sell (syndicate) them to corporate investors. Money raised from the sale is used as equity in the developer's rental housing project.
  - **Available through: MaineHousing**
  - **Funding: Low Income Housing Tax Credits**

There are two types of federal tax credits; 9% credits and 4% credits. The 9% credits are a limited resource allocated through a competitive process that MaineHousing administers each year after rulemaking. With some exceptions, the 4% credits are unlimited if used with tax exempt bond financing.



- The **Rental Loan Program (RLP)** provides long-term mortgage financing at attractive interest rates for development of affordable rental housing in projects of 5 or more units. The Federal HOME Partnership grant requires a 25% match from us.
  - **Available through: MaineHousing**
  - **Funding: Low-Income Housing Tax Credits and Federal HOME Partnership Program**

This program is a companion to the tax credit program, and provides subsidized financing to enable use of tax credits. When an RLP loan is used in conjunction with the 9% tax credits, subsidy is provided by funds from the federal HOME Partnership Program. When RLP financing is used in conjunction with the 4% credits, mortgage revenue bonds are used.

- The **Supportive Housing Programs (SHP)** provide reduced interest rate financing and subsidy funding to eligible nonprofit developers to create housing for low and very low income persons with special needs.
  - **Available through: MaineHousing**
  - **Typical Funding: State HOME Fund**

- The **Affordable Subdivision Program** offers developers a forgivable loan in exchange for new single family homes within the subdivision that will be reserved for families who would qualify under our First Home Program. Developers are offered up to \$15,000 per subdivision lot with a maximum of \$300,000 per subdivision. Developers are reimbursed for costs such as land acquisition and site infrastructure.
  - **Available through: MaineHousing**
  - **Funding: State HOME Fund**

The subsidy awarded in this program is provided by the Housing Opportunities for Maine (HOME) fund.

- The **Pre-Development Loan (PDL) Program** provides interest-free funds of up to \$60,000 to help nonprofit developers of affordable housing start their projects. The loan term is 24 months. There is no payment until the end of the loan term or until the project's construction financing is secured.
  - **Available through: MaineHousing**
  - **Funding: General Obligation Bonds**

This program is funded by a revolving loan fund that was established with the proceeds from a General Obligation Bond issue in 1989. The funds have been loaned out and paid back many times.

- The **Revolving Loan for Acquisition Program** provides loans up to \$300,000 to assist developers in the acquisition of land or land and buildings for the development of affordable

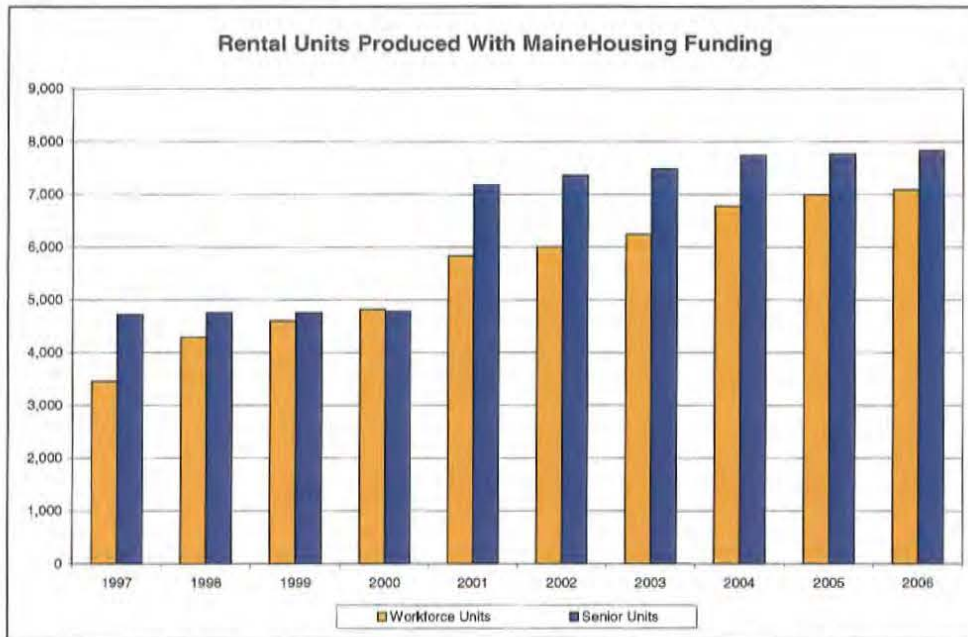
housing projects. Eligible projects include those that qualify and have applied (or will apply) to the tax credit financing programs, and projects that will create supportive housing units for people with special needs. The loan term is 24 months, and repayment is deferred until the project's permanent loan closing or the end of the term.

- **Available through: MaineHousing**
  - **Funding: General Obligation Bonds and MaineHousing Bonds**
- The **Affordable Housing Tax Increment Financing (AHTIF) Program** enables communities to dedicate the incremental tax revenues from new affordable housing development to help make the housing affordable or to pay for related costs.
    - **Available through: MaineHousing**
    - **Funding: Incremental Municipal Tax Revenues**

## Subsequent Financing Programs

- The **Subsequent Loan Program** provides additional financing to owners of existing MaineHousing-financed properties for such things as unanticipated operating shortfalls, capital improvements and creation of new units.
  - **Available through: MaineHousing**
  - **Funding: MaineHousing Bonds**
- The **Loan Modification Programs** offer qualifying owners of MaineHousing-financed multi-family properties the opportunity to restructure MaineHousing debt by modifying interest rates, extending loan terms, or both. Loan modifications generally lower debt service payments in return for extended project affordability.
  - **Available through: MaineHousing**
  - **Funding: MaineHousing Bonds**

MaineHousing's development and subsequent financing programs work in concert to maximize opportunity to provide affordable rental housing. Programs that provide pre-development and property acquisition loans enable projects to get off the ground. Development financing programs such as Low Income Housing Tax Credits and the Rental Loan Program are designed to work together to provide a viable development financing package. Affordable Housing Tax Increment Financing enables communities to be partners in developing affordable housing. Subsequent financing and debt restructuring help to ensure that once projects are on the ground, they remain financially viable and the units remain affordable.



In total, MaineHousing monitors an affordable housing portfolio with 786 properties and 17, 203 units.

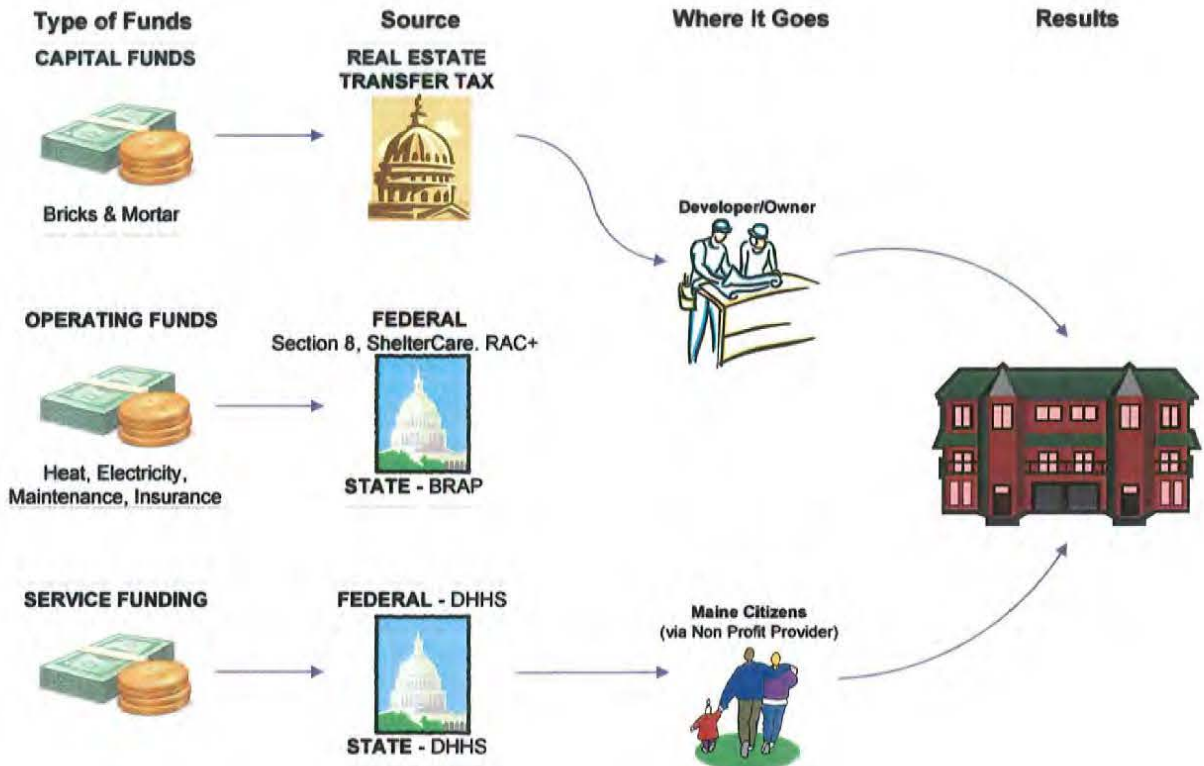
## Huge Need Exists for Housing Development and Subsequent Financing Programs

Most affordable rental housing is developed for people earning less than 60% of area median income. The current affordable housing portfolio of more than 17,000 units may seem large until you consider that 89,576 rental households in Maine earn less than 60% of area median income (AMI).


The need for affordable supportive housing is also large. There are about


- 126,000 people with physical disabilities
- 84,600 people with mental illness
- 50-120 new HIV cases per year
- 25,000 frail elders
- 1,200 people who are chronically homeless
- 14,000 victims of domestic violence annually


## Creation of Affordable Apartments for People who are Homeless and People with Special Needs



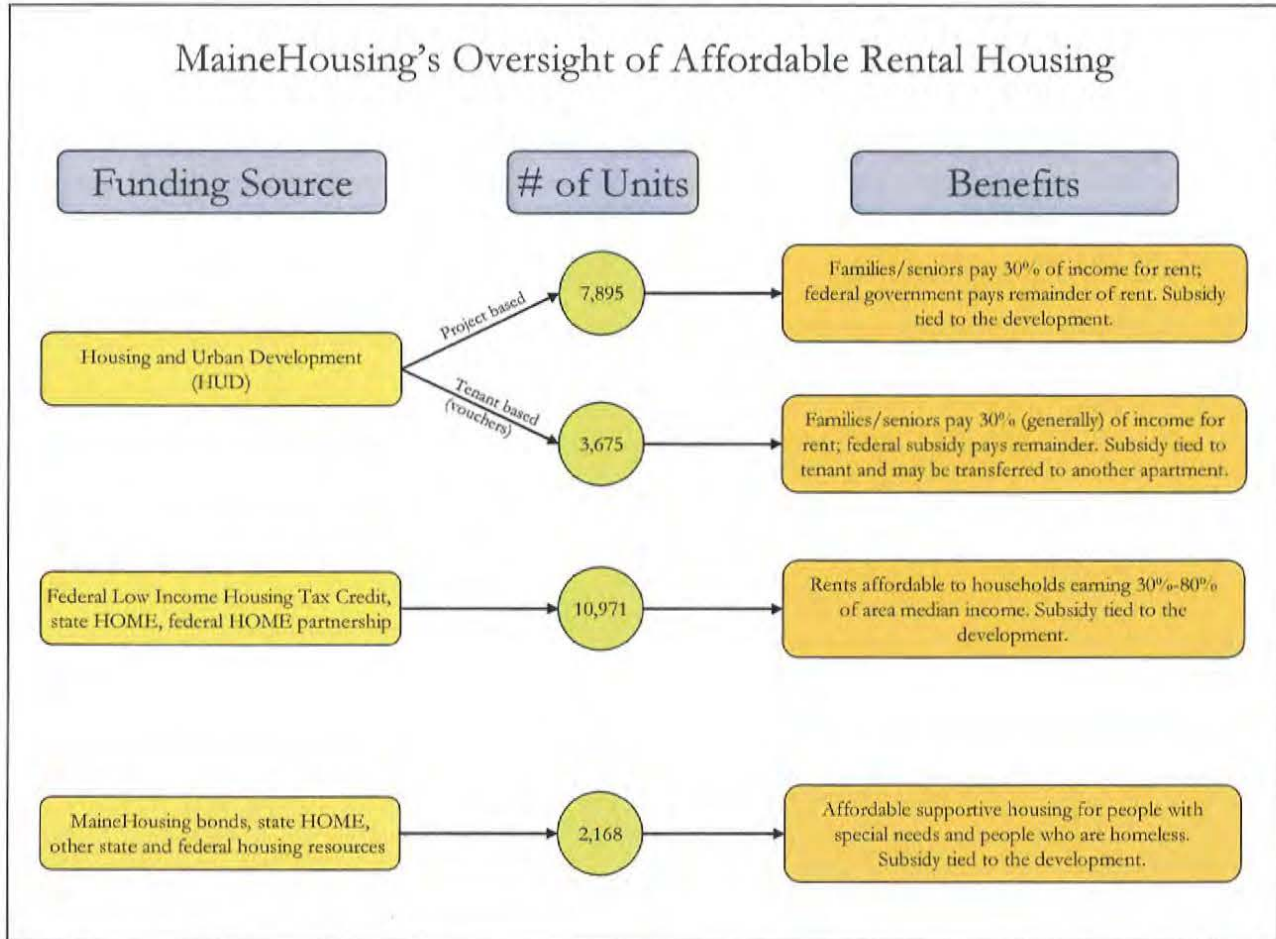
## Housing Development and Subsequent Financing Program Priorities and Performance Summary

 <b>Program Name</b>	<b>Goals and Objectives</b>	<b>2006 Achievements</b>	<b>Assessment</b>
<b>Low Income Housing Tax Credit Program</b>	<p>Utilize available low income housing tax credits to develop housing for people with incomes of less than 60% AMI.</p> <ul style="list-style-type: none"> <li>• Incent development in higher need areas.</li> <li>• Incent development in service center communities and in downtowns.</li> <li>• Require use of energy efficient products and sustainable materials to ensure long term affordability.</li> <li>• Leverage MaineHousing's investment in real estate development to ensure compliance with existing labor laws and development of a sustainable workforce with on the job training.</li> <li>• Incent affordable housing developers who provide health coverage for workers, so that MaineHousing investments help solve the State's health care problem rather than add to it.</li> <li>• Allocate 100% of available 9% credit and make 4% credits available as needed.</li> </ul>	<p>Allocated all available 9% credit.</p>	<p>Goals and objectives are being achieved.</p> <p>The QAP scoring process, developed with input from stakeholders and approved after due public process by MaineHousing's Board:</p> <ul style="list-style-type: none"> <li>• Provides incentive points development in higher need areas and downtowns.</li> <li>• Incent health care coverage for workers.</li> <li>• Requires buildings to comply with MaineHousing's Green Building Standards to ensure smart long term investments.</li> <li>• Requires attention to compliance with a variety of existing labor laws, including those related to proper classification of workers, provision of workers compensation insurance and payment of minimum wages.</li> <li>• Requires on the job training opportunities to be provided so that there is a diverse, trained labor force able to build affordable housing projects.</li> </ul>
<b>Rental Loan Program</b>	<p>Provide mortgage financing that enables federal low income housing tax credits to be utilized.</p> <ul style="list-style-type: none"> <li>• Maximize use of tax exempt bonds to develop affordable housing.</li> <li>• Provide affordable mortgage financing that enables developers to utilize low income housing tax credits.</li> <li>• Provide below-market, 30 year fixed rate notes that enable project viability.</li> <li>• Provide capital for preservation of existing rental housing.</li> </ul>	<p>Enabled 100% use of the 9% Low Income Housing Tax Credits.</p> <p>Provided loans consistently at below market rates.</p>	<p>This program has a combined application with the Low Income Housing Tax Credit Program, reducing administrative requirements and enabling efficient allocation of resources.</p> <p>An ongoing challenge is how to leverage other resources in order to use more of the 4% tax credits.</p>

Program Name 	Goals and Objectives	2006 Achievements	Assessment
<b>Supportive Housing Programs</b>	<p>Finance projects that provide affordable supportive housing to people who are homeless and people with special needs.</p> <ul style="list-style-type: none"> <li>• Provide low-cost capital to nonprofit developers who can't afford conventional financing.</li> <li>• Enable social service providers to better serve some of Maine's neediest clients in a stable housing situation.</li> </ul>	<p>3 projects with 18 units were funded under the Continuum of Care.</p> <p>10 projects with 51 supportive housing units funded.</p> <p>Enhanced effectiveness of social service delivery.</p>	<p>Goals and objectives are being met.</p> <p>MaineHousing and DHHS staff are in ongoing communication to ensure coordinated investments for long term client success.</p> <p>Enabling more effective use of social services through housing makes more efficient use of the State's overall resources.</p> <p>An ongoing challenge, however, for continued funding of supportive housing projects is having the confidence that state and federal service dollars will be available to cover the tenant support services. In recent years, MaineHousing has seen property closures because of service funding scarcity and State policies that no longer provide services to specific projects. We are also hearing anecdotal reports of high vacancy rates at projects we financed, which may cause foreclosure.</p> <p>Covering project operating expenses is another challenge. Because tenants often have very low incomes, rents are not high enough to cover an owner's operating expenses such as heating, utilities, maintenance and insurance. Project operating subsidies are needed to ensure that owners can cover operating expenses.</p>
<b>Affordable Subdivision Program</b>	<p>Incent the development of homes that are affordable to low and moderate income buyers.</p> <ul style="list-style-type: none"> <li>• Support smart growth by funding only homes that are consistent with State growth management objectives.</li> <li>• Ensure homes are built with energy efficient products and sustainable materials for long term affordability.</li> <li>• Leverage the low interest financing available to consumers under MaineHousing's First Home program.</li> </ul>	<p>Assisted 3 subdivisions with 22 affordable homes.</p> <p>1 project with 4 affordable homes was completed.</p>	<p>The program is effectively enabling developers to leverage funding and provide more affordable homes.</p>

 <b>Program Name</b>	<b>Goals and Objectives</b>	<b>2006 Achievements</b>	<b>Assessment</b>
<b>Pre-Development Loan Program</b>	Provide up front project planning assistance to non profit developers of affordable housing. <ul style="list-style-type: none"> <li>• Finance pre-development planning that results in successful, MaineHousing financed affordable housing projects.</li> <li>• Help nonprofit developers get projects off the ground.</li> </ul>	All PDLs resulted in proposed development projects.	The program successfully enables nonprofit developers to get affordable housing projects off the ground.  The revolving loan fund allows MaineHousing to use the same funds many times over to enable multiple projects.
<b>Revolving Loan for Acquisition Program</b>	Provide funding that enables not for profit developers to gain site control for affordable housing developments. <ul style="list-style-type: none"> <li>• Finance property acquisition that eventually results in successful, MaineHousing financed affordable housing projects.</li> </ul>		The program successfully enables nonprofit developers of affordable housing to gain site control.  The revolving loan fund allows MaineHousing to use the same funds many times over to enable multiple projects.
<b>Affordable Housing Tax Increment Financing Program</b>	Enable municipalities to use affordable housing tax increment financing to incent affordable housing development. <ul style="list-style-type: none"> <li>• Assist applicants informally, before applications are filed to ensure that applications meet statutory requirements.</li> <li>• Review applications quickly and efficiently.</li> </ul>	Approved 7 affordable housing tax increment financing districts and their associated development programs.  Developed a program brochure that summarizes key program requirements.	Goals and objectives are being met.  MaineHousing staff coordinate closely with DECD staff to ensure that the affordable housing and economic development TIF/ programs are implemented consistently.  Some communities experience citizen or elected official resistance to the idea of tax increment financing for affordable housing, sometimes because of disagreement about whether affordable housing should be developed in a particular location, and sometimes because there are competing uses of potential tax increment revenues. MaineHousing should continue to make staff available to talk with municipal officials about how tax increment financing works to ensure informed choices.
<b>Subsequent Loan Program</b>	Provide supplemental financing for such things as anticipated operating shortfalls, additional units, and capital investments to ensure that existing projects remain viable.	3 loans processed.	Goals and objectives are being met.
<b>Loan Modification Program</b>	Allow debt restructuring by adjusting interest rates or changing loan terms or both. <ul style="list-style-type: none"> <li>• Allow restructuring in exchange for extended affordability.</li> </ul>	18 loan modifications processed, resulting in 112 years of additional affordability.	Goals and objectives are being met  Enabling existing affordable housing projects to stay financially viable is a far more cost effective way to provide affordable units than to develop new affordable units.

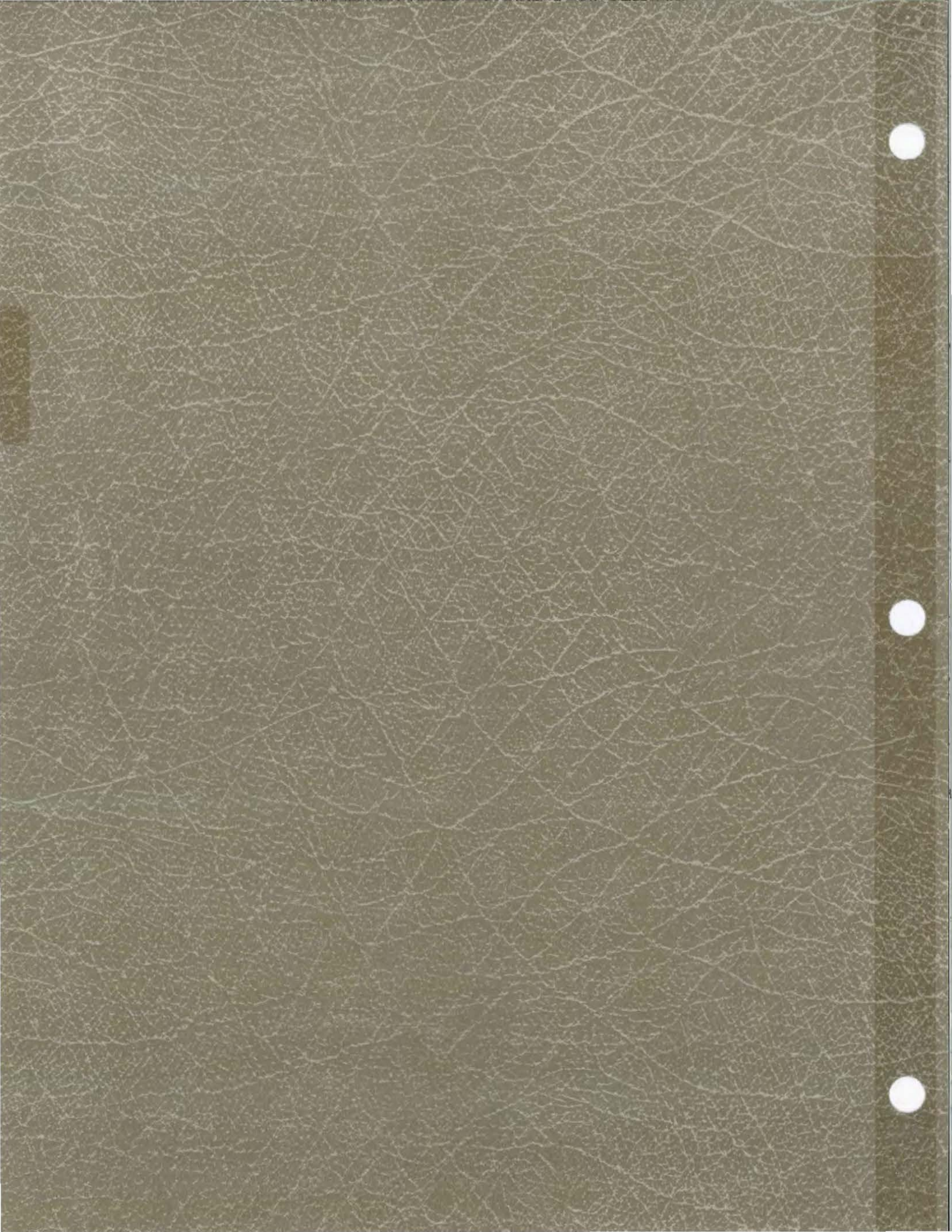
## MaineHousing's Oversight of Affordable Rental Housing

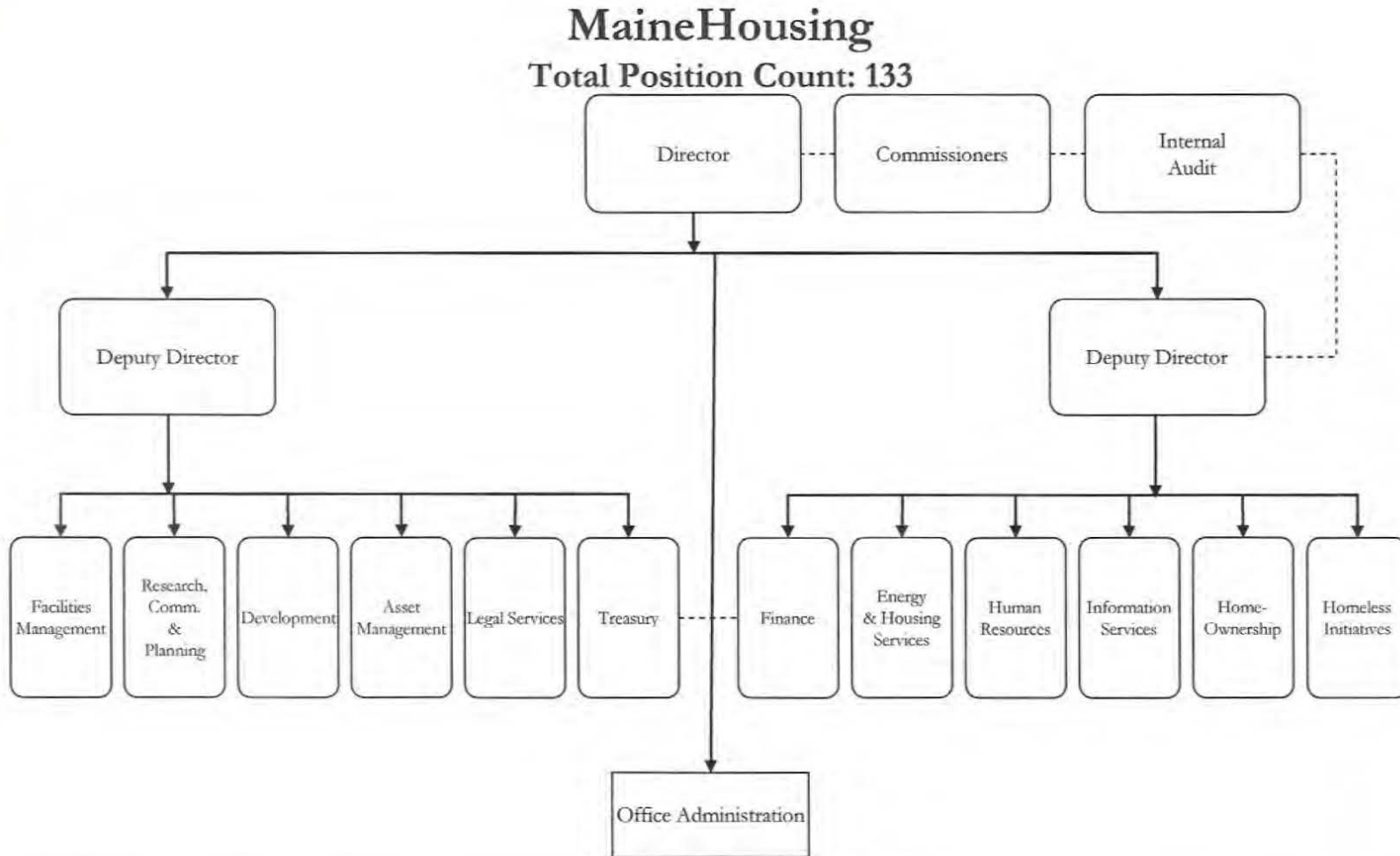












**NO STATE FUNDS SUPPORT MAINEHOUSING PERSONNEL COSTS.** Approximately one-third of our staff are covered by fees paid to us from federal programs that we administer; the remaining two-thirds are paid for by resources generated from lending activities.







# Compliance With Health and Safety Laws, the Americans With Disabilities Act Of 1990, and Affirmative Action Requirements

## Health and Safety Laws

MaineHousing is committed to providing and maintaining a safe workplace. MaineHousing hopes to promote a culture of healthy, safe, and educated employees who take responsibility to care for themselves and their environment.

Every employee is given information during their employee orientation on ergonomics (the study of how the body performs work) and how to be comfortable at their workstation. Those employees who sit at a computer terminal for more than four consecutive hours a day receive annual training. Employees can request a work site evaluation or help with modifying their workstation at any time by contacting Human Resources. Employees are strongly encouraged to report any form of discomfort to their supervisor or Human Resources.

Employees are required to report any incident, injury, car accident, threat or exposure that occurs on work time to their supervisor or Human Resources immediately. Prompt reporting allows MaineHousing to take corrective action, track trends, and develop necessary training to prevent further incidents.

## Workers Compensation

MaineHousing provides workers compensation insurance for its employees. This insurance provides benefits to employees who are injured at work. MaineHousing is fully insured through Maine Employers Mutual Insurance Company.

## OSHA

MaineHousing maintains a safe and healthy workplace for its employees. Every employee receives a Safety Handbook during their orientation. The handbook provides detailed information and instruction on medical emergencies, prevention, security, and resources. The Facilities Manager inspects fire drill safety bags, posted evacuation floor plans, material safety data sheets, first aid kits, and fire extinguishers on a monthly basis, sprinkler testing is performed quarterly, fire drills are coordinated with the fire department twice per year, and fire extinguishers are inspected annually by an outside contractor. The Human Resources Manager coordinates annual training to include defensive driving and CPR and first aid, and files the US Department of Labor's OSHA 300 log.



## ADA

The Maine State Housing Authority ("MaineHousing") does not discriminate against persons with disabilities with respect to employment and access to its programs and services in accordance with the Americans with Disabilities Act of 1990 (the "ADA") and Section 504 of the Rehabilitation Act of 1973 ("Section 504"). Upon enactment of the ADA, MaineHousing conducted a self-evaluation of MaineHousing's employment practices and accessibility to MaineHousing's programs, services and activities by persons with disabilities, and made changes necessary to comply with the ADA. MaineHousing now conducts annual self-evaluations of compliance with the ADA. MaineHousing implemented and adopted policies of nondiscrimination, implemented processes to enforce the policies of nondiscrimination, and designated certain employees as responsible for compliance with the ADA and Section 504 and the policies as described below.

### Employment

- MaineHousing adopted a policy of nondiscrimination - *MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability, or familial status in the admission or access to, or treatment or employment in, its programs, and activities. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Mary Darling, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number (207) 626-4600 or 1-800-452-4668 (voice), or 1-800-452-4603 (TTY).*
- MaineHousing's nondiscrimination policy is set forth in MaineHousing's Employee Handbook which is provided to all employees when hired and periodically, when updated.
- The ADA Title II notice of rights and protections is posted on a bulletin board on each floor at MaineHousing.
- All vacancy notices, advertising of employment opportunities, and employment applications and associated information packets state that MaineHousing is an equal opportunity employer and provide that persons with disabilities may request a reasonable accommodation in the search and hiring process.
- MaineHousing designated certain MaineHousing personnel (an employee's division director, the human resources manager, counsel, or the director of MaineHousing) to oversee and coordinate compliance with the ADA.
- MaineHousing has a procedure to process requests for reasonable accommodations and a grievance procedure to handle complaints by any person who believes that he or she has been discriminated against or harassed as a result of the person's disability in violation of the ADA and Section 504.

## Programs, Activities and Services

- MaineHousing adopted a Nondiscrimination Policy Statement - *MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability, or familial status in the admission or access to, or treatment or employment in, its programs, and activities. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Mary Darling, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number (207) 626-4600 or 1-800-452-4668 (voice), or 1-800-452-4603 (TTY).*
- MaineHousing designated an employee as responsible for coordinating compliance with the ADA and Section 504.
- MaineHousing uses the Maine State Housing Authority Equal Access Guide as a training tool and resource material for MaineHousing employees in the administration of MaineHousing's programs in compliance with the ADA and Section 504 and also other civil rights and equal access laws that affect MaineHousing's work. The guide summarizes legal requirements and offers staff practical advice on how to comply.
- MaineHousing has compiled a list of communications resources for persons who are vision impaired or hearing impaired for use by MaineHousing staff and MaineHousing partners who are working with persons who are vision impaired or hearing impaired.
- MaineHousing inspects its office annually for compliance with the ADA, Section 504, and the Maine Human Rights Act.
- MaineHousing has a TTY device to accommodate persons with hearing impairments. Other communication auxiliary aids and services, e.g. braille or large print materials and qualified interpreters, are available upon request at no cost to the person requesting same.
- Resident Service Coordinators (RSCs) who are often a direct line of support for residents in subsidized housing, receive training on Fair Housing Laws and reasonable accommodations through a variety of sources. MaineHousing sponsors Quarterly RSC meetings that incorporate, annually, a Fair Housing training session. NERSC (New England Resident Service Coordinators), a regional collaborative, provides an annual conference that includes sessions on Fair Housing and reasonable accommodations. Several management companies with strong RSC Divisions also offer annual training on the subject to their staff, managers, and service coordinators.
- MaineHousing holds all public hearings and meetings in locations which are accessible to persons with disabilities, either at MaineHousing's office or at a location designated by the State of Maine 504/ADA Coordinator as a Certified Handicapped Accessible Facility/Certified Accessible Conference & Meeting Place.

- All written materials about MaineHousing and MaineHousing's programs that are made available to the public, including, without limitation, annual reports, program brochures, program guides, program application forms and requests for proposals contain MaineHousing's Nondiscrimination Policy Statement, identify the MaineHousing employee responsible for coordinating compliance with the ADA and provide that the written materials are available in alternate forms, such as large print or audiocassette, to persons with visual or hearing impairments upon sufficient notice.
- All public hearing notices and meeting notices state that the hearing or meeting room is accessible to persons with disabilities and, upon sufficient notice, appropriate communication auxiliary aids and services will be provided to persons with disabilities. Any written materials provided in connection with the public hearing or meeting include the information set forth in the above paragraph.
- MaineHousing established a grievance procedure to process complaints by any person who believes that he or she has been discriminated against or harassed as a result of the person's disability in violation of the ADA and Section 504. This procedure is set forth in the Maine State Housing Authority Equal Access Guide.
- MaineHousing ensures that our agents, contractors, participating lenders, community action agencies, subgrantees and other persons that deliver MaineHousing programs and services to the public comply with the ADA and Section 504 through written contractual agreements.
- MaineHousing requires that all projects financed under MaineHousing's programs be constructed in accordance with the ADA, Section 504 and Maine Human Rights Act physical accessibility standards. Developers and their design professionals must provide written certification that a project is constructed or rehabilitated in accordance with these standards and operated in accordance with the ADA, Section 504 and the Maine Human Rights Act. Further, MaineHousing requires a barrier-free permit for a project from the Department of Public Safety which oversees compliance with the Maine Human Rights Act, which has been certified as ADA compatible and equivalent.

## Affirmative Action

Maine law requires that all “quasi-independent” state agencies, such as MaineHousing, implement an affirmative action plan. In addition, Federal Executive Order 11246 specifically requires employers with federal contracts of \$50,000 or more and 50 employees or more to have a written affirmative action plan. Federal regulations require developers who receive federal funds from MaineHousing to also take affirmative action steps. MaineHousing has an employment affirmative action plan and has implemented multi-family development affirmative action requirements as described below.

### Employment

- MaineHousing has implemented an Equal Employment Opportunity/Affirmation Action Plan to ensure that all its employment-related activities including, recruitment, selection, compensation, and termination, are carried out in a nondiscriminatory manner. The plan also sets out goals and objectives to increase the representation of women, minorities, and

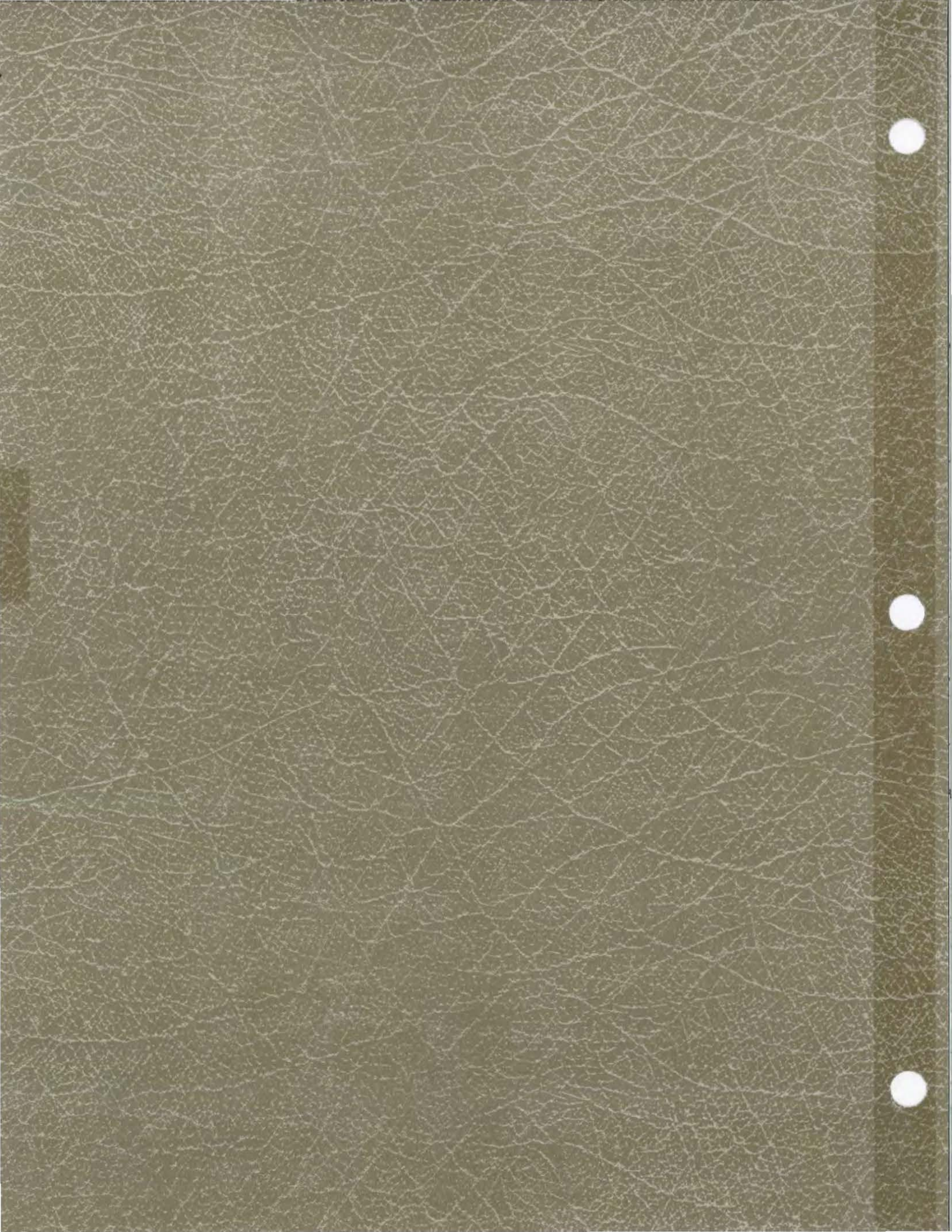
individuals with disabilities who may be underrepresented in any particular job category at MaineHousing. The plan contains a series of action-orientated outreach and recruiting procedures to carry out the plan's goals. The Human Resource Manager updates the plan annually. MaineHousing's employment advertising states that "MaineHousing is an Equal Employment Opportunity/ Affirmative Action Employer."

### **Programs, Activities and Services**

- In 2005, MaineHousing developed an affirmative action plan for its programs which make financing available for the acquisition, rehabilitation and construction of multifamily housing in Maine. The plan identifies the equal opportunity and affirmative action policies and goals for applicants, developers, projects owners, contractors, subcontractors, and other persons or entities that benefit from such programs. The plan includes affirmative outreach and recruitment procedures designed to provide equal access for women, minorities, and persons with disabilities to the economic benefits of MaineHousing programs. All construction contracts between a project owner and a contractor for the construction or rehabilitation of multi-family housing funded by MaineHousing in an amount equal to \$1,000,000 must provide for 700 hours of on-the-job training in a skilled trade or technical are for women and minorities for each \$1,000,000 increment of the total construction contract.
- Contractors and subcontractors are required to post all job openings within their organizations with Maine Career Centers and Women Unlimited.
- MaineHousing implemented and adopted policies for and designated certain employees as responsible for assisting with arranging for appropriated communications resources for persons with limited English proficiency.







# MaineHousing Financial Summary

MaineHousing utilizes a variety of financial resources in carrying out its many diverse functions. MaineHousing's financial resources consist of proceeds generated from selling tax-exempt housing bonds, federal and state block grants, and pass-through programs received from both the federal and state government. MaineHousing is a mortgage bank with over \$1.8 billion in assets. These assets consist mostly of mortgages – both first-time homebuyer single-family mortgages and mortgages on multi-family rental properties and supportive housing developments for people with special needs.

Using its various financing abilities, MaineHousing is able to allocate resources in different combinations to the housing and energy needs of the State as those needs arise. MaineHousing receives no operating funding from the state and therefore can shift staff resources with current need. MaineHousing's operating expenses as a percentage of income are 4.45%. This efficiency allows MaineHousing to spend more money on providing services and less on operating expenses. No state funds support MaineHousing personnel costs. Approximately one-third of our staff positions are covered by fees paid to us from federal programs that we administer; the remaining two-thirds are paid for by resources generated from our lending activities.

The flexibility of the HOME Fund is critical to MaineHousing. As financial markets shift from favoring one of MaineHousing's financing mechanisms to another, HOME funds allow MaineHousing to fill market-place gaps and keep programs consistently available.

## BONDS

MaineHousing's most significant financial resource is its ability to sell bonds that are exempt from state and federal income taxes. MaineHousing sells tax-exempt housing bonds to fund single family mortgages, commonly known as Mortgage Revenue Bonds (MRBs) and multifamily housing bonds, and uses the proceeds to finance low-cost mortgages for lower income first-time homebuyers or the production of apartments at rents affordable to lower income families.

MaineHousing has issued a total of approximately \$5 billion in bonds since its inception and currently has \$1.6 billion in bonds outstanding. Over the past ten years, MaineHousing has issued approximately \$2.5 billion in bonds and has made first-time homeownership possible for over 17,000 lower income Maine families. In addition, \$225 million of multifamily housing bonds have provided financing to produce affordable rental apartments and supportive housing units for Maine citizens.

## BLOCK GRANTS

Oftentimes MaineHousing uses the proceeds from the sale of bonds in conjunction with federal and state block grants. Block grants are flexible funding sources over which MaineHousing has some discretion regarding their use to meet affordable housing needs in Maine. Block grants, unlike bonds, do not have to be repaid to the source provider.



Because these financial resources do not have to be repaid and we have flexibility regarding their use, they enable MaineHousing to serve a wide range of Maine's population. MaineHousing uses these financial resources in a variety of ways in most of its programs. MaineHousing's block grants consist of:

### **U.S. Department of Housing and Urban Development Programs**

- *HOME Investment Partnership Program* - This federal block grant is designed to provide states with a flexible funding source to meet their diverse affordable housing needs. Over the past ten years, MaineHousing has received and disbursed over \$59 million from the federal HOME Investment Partnership Program. This grant requires a 25% match from us. We use State HOME Fund money for about half of the match.
- *Financing Adjustment Factor (FAF) Program* - Funds from this program are generated from HUD-authorized refunding of bonds issued by MaineHousing. HUD and MaineHousing share monies realized from these refundings on an equal basis. Funds can only be used to provide housing assistance for individuals and families of very low income. Over the past ten years, MaineHousing has received and disbursed \$11 million through the McKinney Act-FAF Program.

### **State Sources**

- *State HOME Fund* - MaineHousing receives from the State of Maine a portion of real estate transfer tax revenues generated from the sale of real property. Over the past ten years, approximately \$66 million was received from the state.
- *State General Obligation Bonds* - MaineHousing occasionally receives from the State proceeds from the issuance of General Obligation (G.O.) Bonds. These funds are oftentimes used in the same fashion as block grants and are used in conjunction with MaineHousing bonds. In the past ten years, MaineHousing received and used through a variety of programs \$20 million from State G.O. Bonds.

## **LOW INCOME HOUSING TAX CREDITS**

Low Income Housing Tax Credits (LIHTC) are another financial resource that MaineHousing uses in concert with both its bonds and block grants. LIHTC are a federal resource that MaineHousing allocates in Maine. The credits are allocated to developers, who sell (syndicate) them to corporate investors; the credits reduce the investors tax liability for ten years. Money raised from the sale is used in the construction and rehabilitation of apartments affordable to low-income families. Over the past ten years MaineHousing has allocated over \$29 million in tax credits, which have provided approximately \$217 million in equity for the development of affordable apartments.

## **PASS-THROUGH PROGRAMS**

MaineHousing administers numerous federal and state pass-through programs. These programs provide financial resources that must be spent on a specific population because of the restrictions

dictated by their source. Over the past ten years, MaineHousing has disbursed over \$1 billion through various federal programs. The federal pass-through programs that MaineHousing currently administers include the following:

### **U.S. Department of Housing and Urban Development Programs**

- *Section 8 Rental Assistance Programs* – MaineHousing administers a number of federal Section 8 programs that provide rent subsidies to Maine citizens. Over the past ten years, MaineHousing has disbursed over \$655 million in rent subsidies.
- *Emergency Shelter Grant Program* – This program provides homeless persons with basic shelter and essential supportive services. MaineHousing has disbursed over \$7 million through this program in the past ten years.
- *Lead-Based Paint Hazard Control Program* – This program provides funding to make lower income homes in Maine lead safe. MaineHousing has disbursed approximately \$45.7 million since receiving its first award from HUD in 1999. This requires a match from us. For the last grant we contributed \$1million to HUD’s \$3 million.
- *Housing Counseling Program* - This program provides counseling to consumers on seeking, financing, maintaining, renting or owning a home. Approximately \$600,000 has been disbursed through this program since 1999.
- *Homeless Management Information System* - This program provides funding for a computerized data collection tool designed to gather data on homelessness and service interventions. Data collected is used to improve the effectiveness of homeless shelter and service delivery systems in Maine. MaineHousing has received approximately \$600,000 through this program since 2004.

### **U.S. Department of Energy**

- *Weatherization Program* – This program provides grants to low income homeowners and renters to improve home energy performance. MaineHousing has disbursed \$23.7 million through this program over the past ten years.

### **U.S. Department of Health and Human Services**

- *Low Income Home Energy Assistance Program* – This program provides money to help low-income homeowners and renters pay for heating costs. MaineHousing has disbursed over \$253 million through this program over the past ten years.
- *Residential Energy Assistance Challenge (REACH)* - The purpose of REACH is to minimize health and safety risks that result from high energy burdens on low-income citizens, prevent homelessness due to inability to pay energy bills, and increase energy efficiency. MaineHousing has disbursed over \$3.5 million through this program since 1998.

## State and Other Pass-Through Programs

MaineHousing also currently administers several other pass-through programs that are funded by the state and other organizations. These programs are as follows:

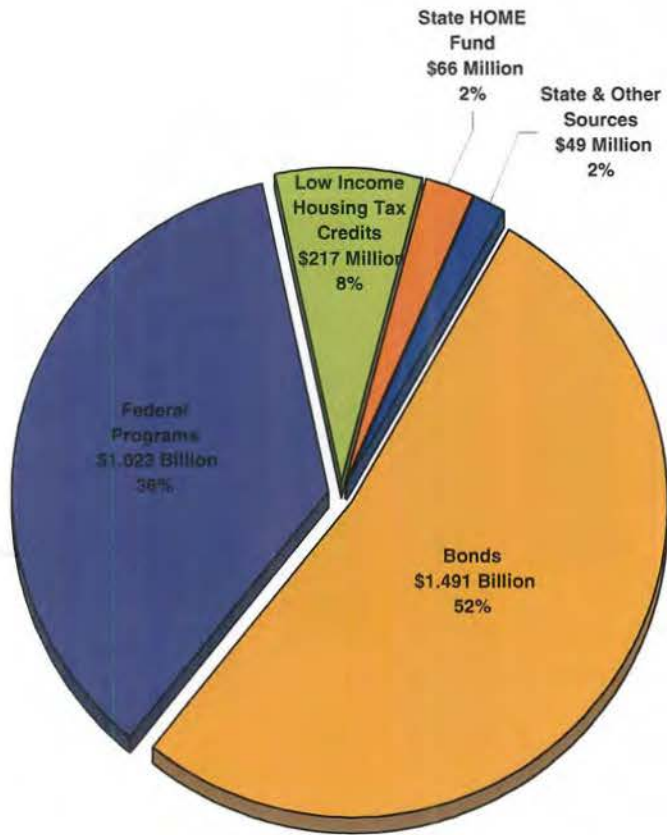
- *Shelter Operating Subsidy Program* – This program provides funding for the emergency shelters that serve people who are homeless in Maine. MaineHousing has received and disbursed approximately \$5 million over the past ten years.
- *Low Income Assistance Plan (LLAP)* - This program helps low-income homeowners and renters pay for electricity costs by providing a credit on their electric bills. The program is funded by Maine’s transmission and distribution utilities. MaineHousing has disbursed over \$6 million through this program since 2001.
- *Appliance Replacement Program* – This program helps low-income people reduce their energy costs by replacing older refrigerators and other home appliances that are inefficient and expensive to operate. The program is funded by Maine’s Public Utilities Commission. MaineHousing has disbursed over \$5 million through this program since 2003.

MaineHousing uses its various financial resources through a variety of programs to serve Maine people whose housing needs fall into six broad categories. The six groups of people served are:

- First-time Homebuyers;
- Owners of Sub-standard Housing;
- People Experiencing Homelessness;
- People with Special Needs;
- Renters Needing Assistance; and
- People Needing Energy Assistance

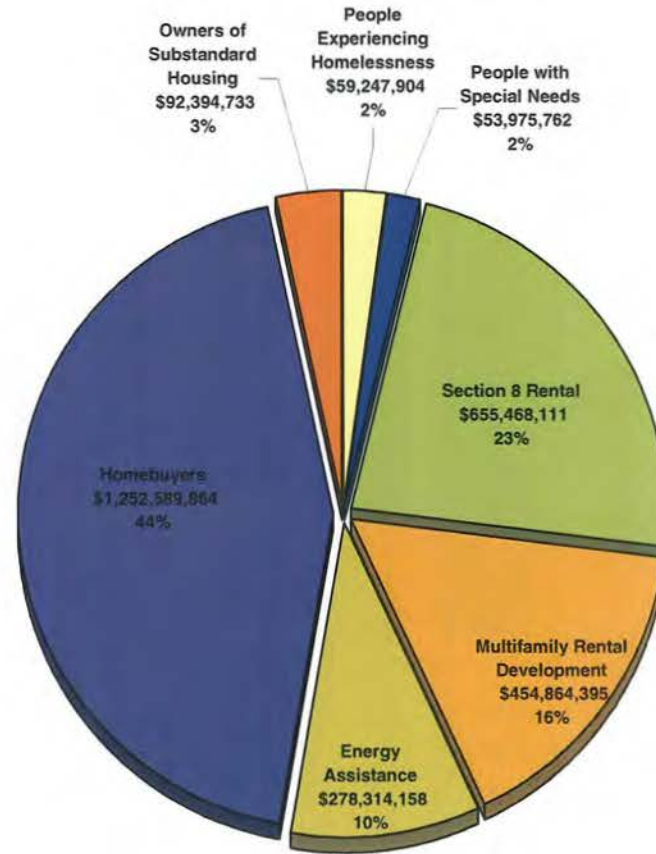
Over the past ten years, MaineHousing has disbursed over \$2.8 billion through its various programs.

**MaineHousing  
Program Sources of Funds  
1997-2006**



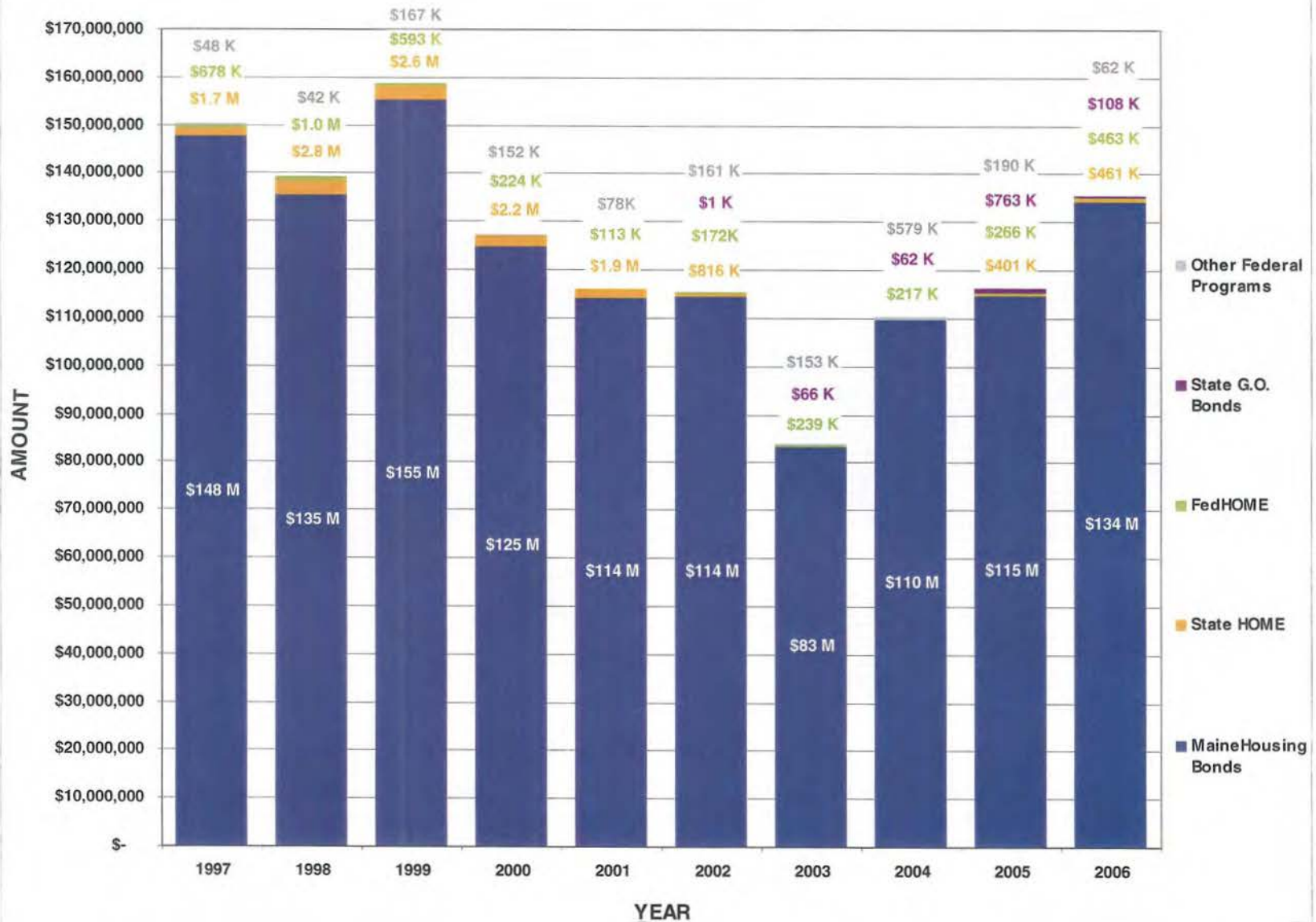
Total Sources of Funds = \$2.846 Billion

**MaineHousing  
Program Expenditures/Disbursements  
1997-2006**

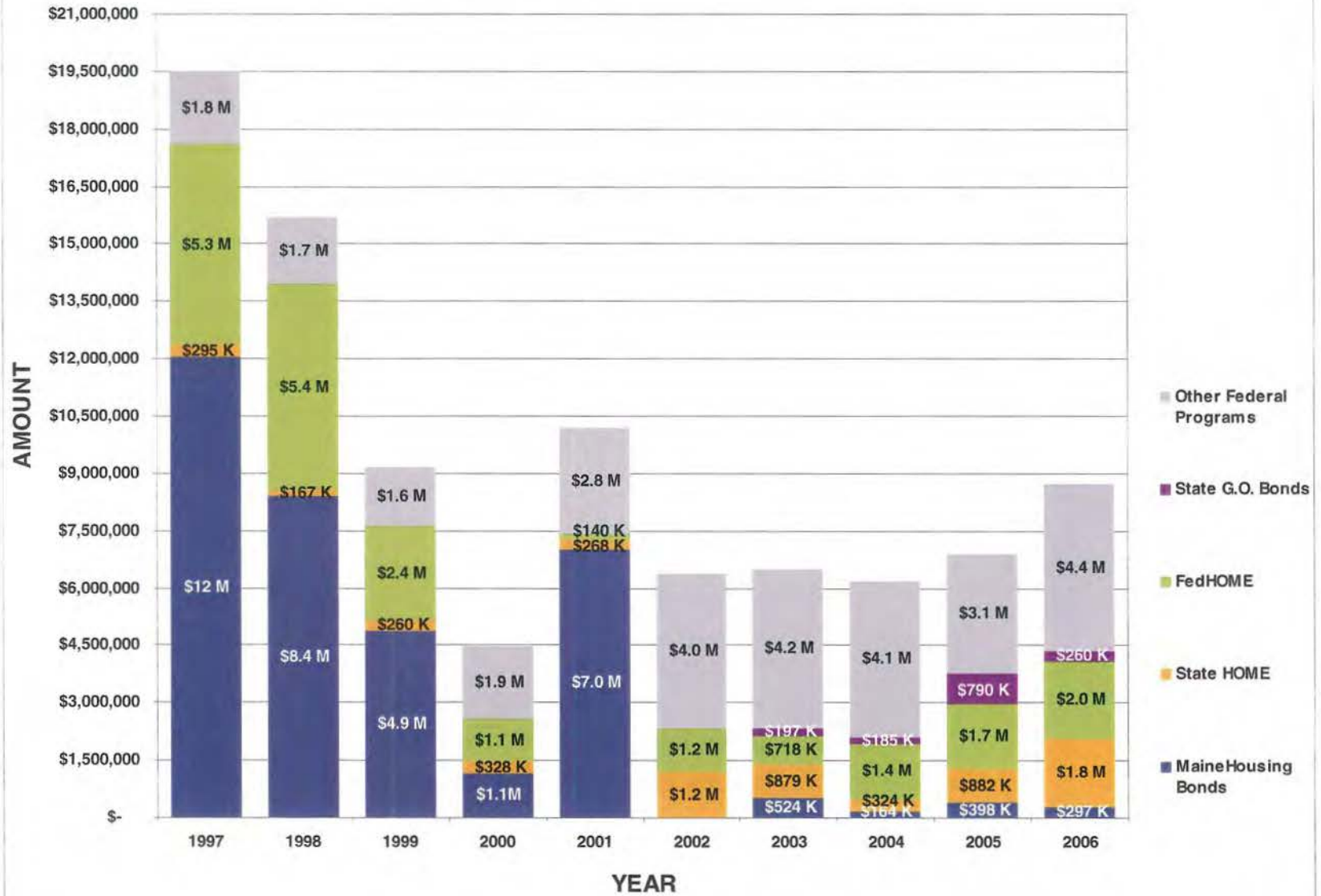


Total Program Expenditures/Disbursements = \$2.846 Billion

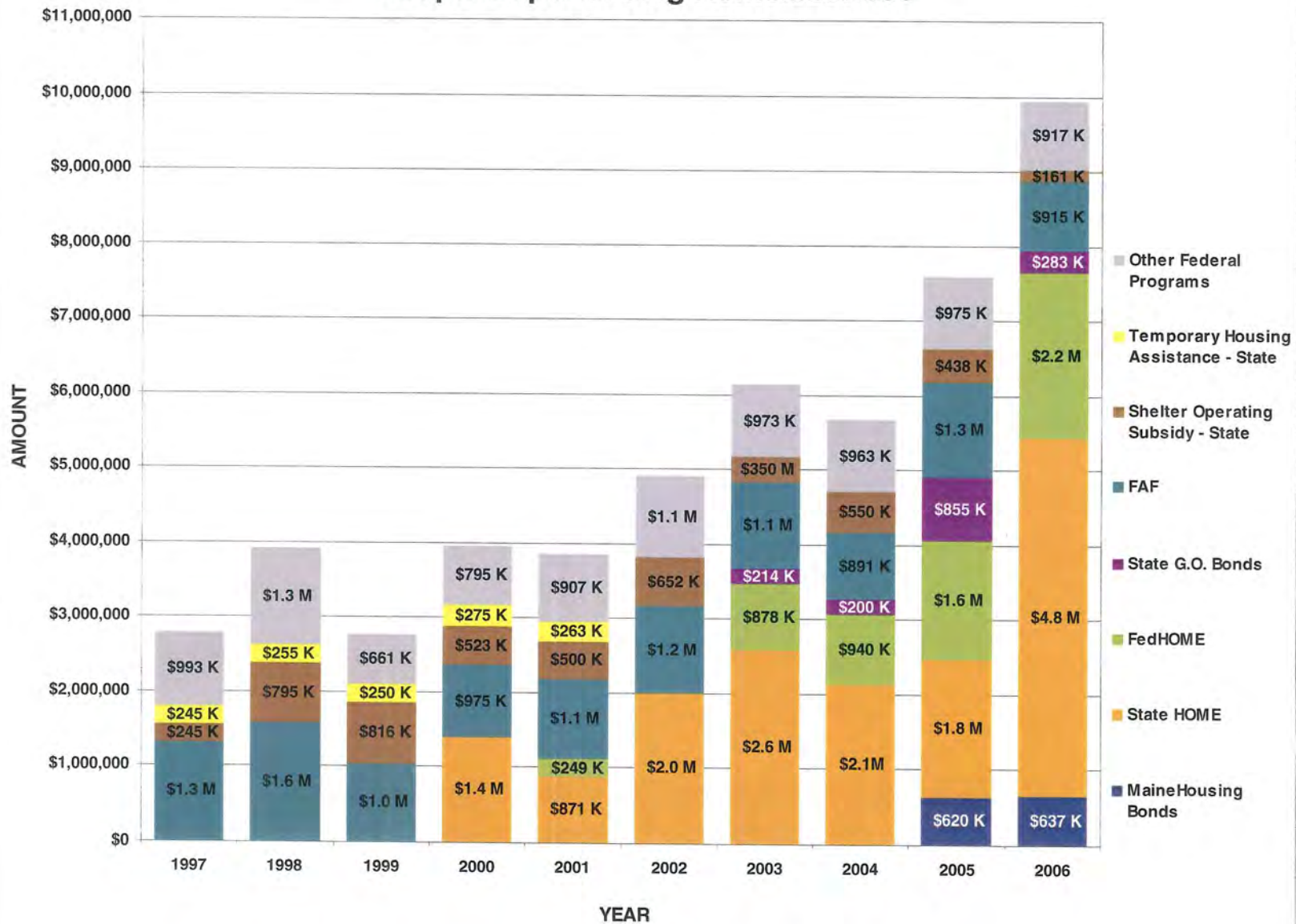
## MaineHousing Investment In Housing For Homebuyers



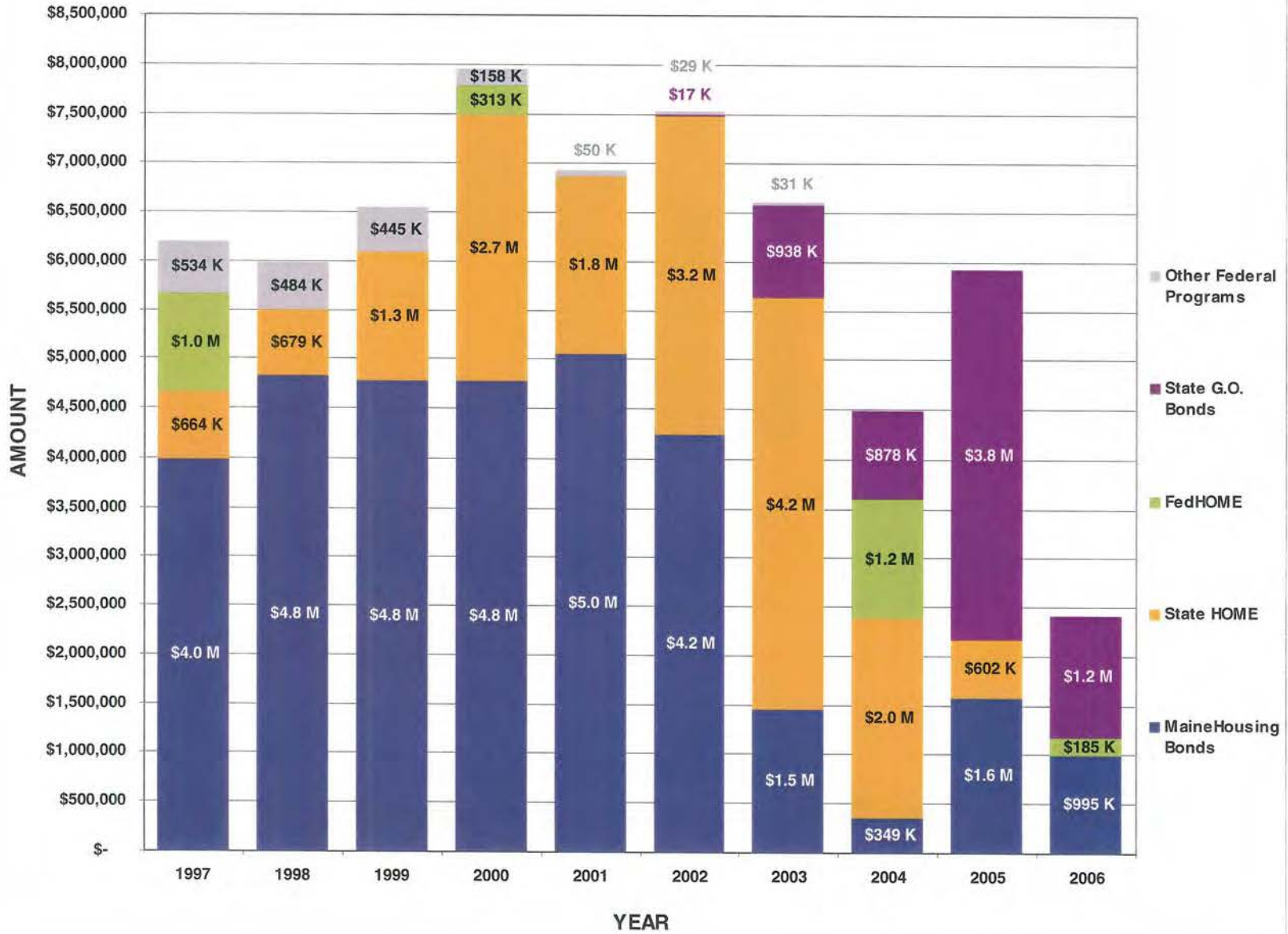
## MaineHousing Investment In Housing For Owners of Substandard Housing



## MaineHousing Investment In Housing For People Experiencing Homelessness

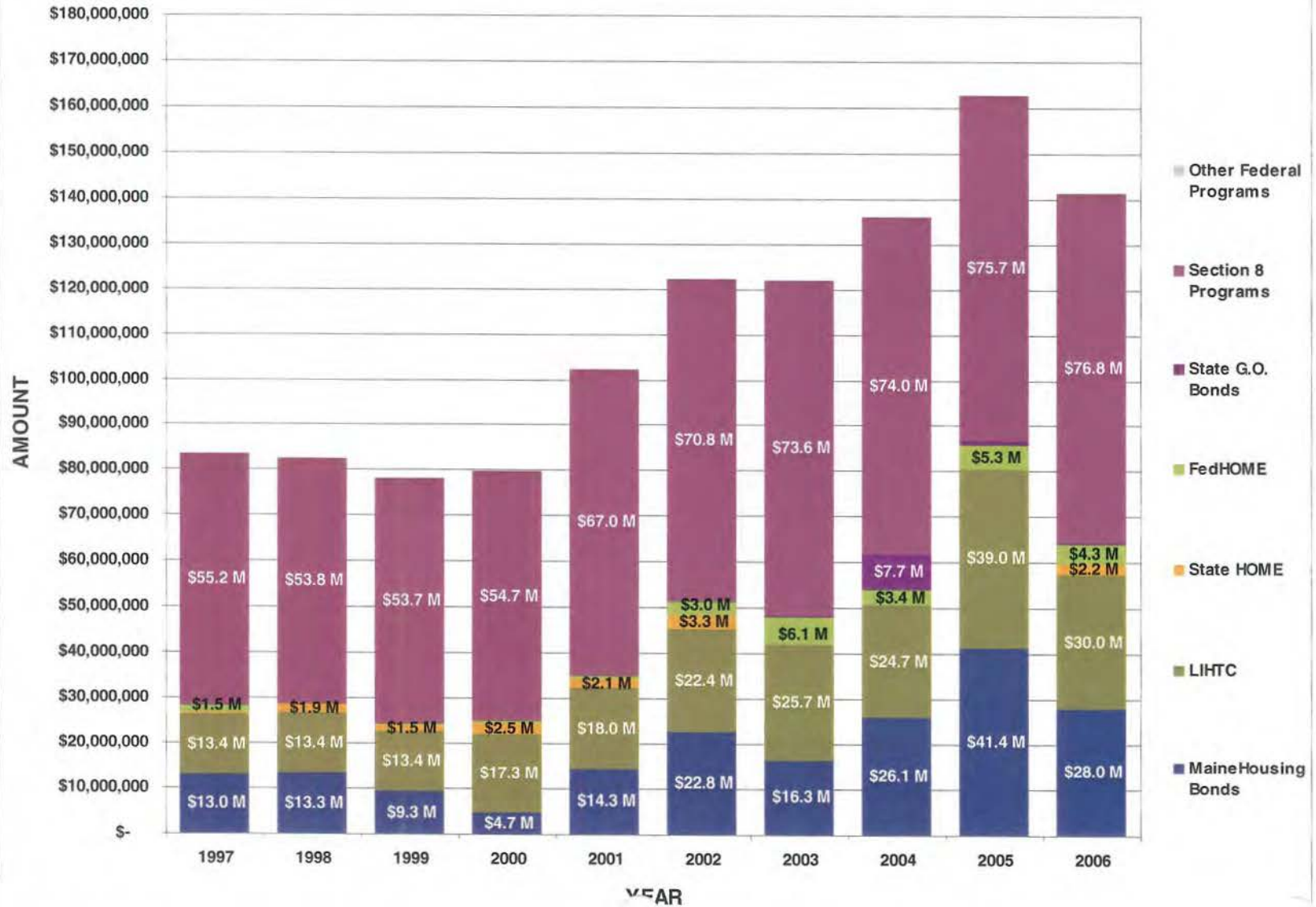


## MaineHousing Investment In Housing For People with Special Needs

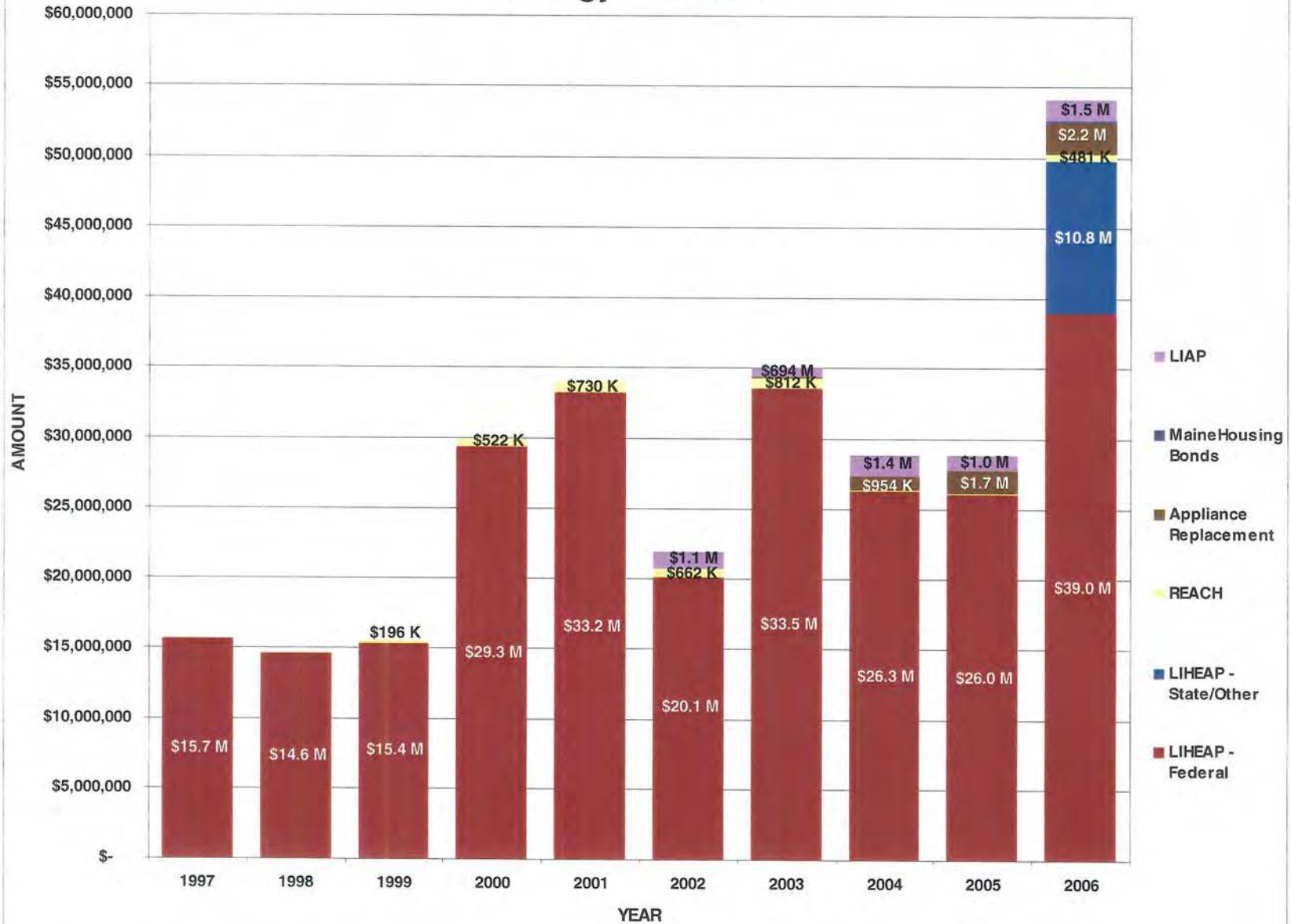




## MaineHousing Investment In Housing For Renters Needing Assistance



## MaineHousing Investment In Home Energy Assistance









# Rules Summary and Regulatory Agenda

For this section we have provided a general summary of all of our rules followed by the Regulatory Agenda.

The Regulatory Agenda was originally created to notify members of the Legislature and the public which rulemakings they could anticipate in the upcoming year. Unfortunately, the law makes it so difficult to undertake any rulemaking that is not included in agenda that all agencies submit all of their rules with the notation that it they may be amended if necessary. This, of course, defeats the purpose of the agenda.

In practice, we only enter the rulemaking process a few times a year. This past year we adopted or amended three rules:

## **LIHEAP**

Federal law requires that we adopt a LIHEAP rule and State Plan every year.

## **Low-Income Housing Tax Credits**

The Qualified Allocation Plan (QAP) delineates how we will allocate our share of federal low-income housing tax credits. It is not required to be adopted each year but we often do so in response to public input and feedback. We continue to work with our partners and hope to eventually reduce the frequency of rulemaking.

## **Homeless Shelters**

This rule governs our funding of the homeless shelters. It was subject to a year-long stakeholder effort to update and improve it. We do not do this annually.

Notwithstanding the Regulatory Agenda, there are no other rules that we currently plan to adopt or amend in the next year.

## **MaineHousing Rules Summary**

### **CHAPTER 1 - HOME MORTGAGE PROGRAM RULE**

MaineHousing is authorized to use revenues from the sale of tax-exempt bonds and other housing monies to reduce interest rates and other costs associated with the purchase of a home by low and moderate income households. This rule sets forth the basic criteria for determining eligible borrowers and the terms governing MaineHousing's purchase and servicing of loans to eligible borrowers generated by participating lenders. MaineHousing also publishes and regularly updates a

procedural guide for participating lenders. The procedural guide includes specific instructions, guidelines, terms and conditions for the sale of single family mortgage loans to MaineHousing and the servicing of the loans. MaineHousing also enters into agreements with lenders regarding the sale and servicing of the single family mortgage loans.

## **CHAPTER 2 - COOPERATION WITH LOCAL GOVERNMENTS**

The Maine Housing Authorities Act, 30 M.R.S.A. § 4551 et seq., requires that MaineHousing cooperate with local governments and obtain certain local consents before performing certain operations in localities. This rule sets forth the procedures for such cooperation, and establishes MaineHousing's preference for local consent resolutions following generally the statutory form.

## **CHAPTER 5 - ENERGY COST AND UTILITY ALLOWANCE DETERMINATIONS**

This Rule outlines the procedures which MaineHousing will utilize to determine Energy Costs and Utility Allowances, as defined in this Rule, for residents of multi-unit housing projects whose rents are subsidized under Section 8 of the United States Housing Act of 1937 or restricted by the funding source or requirements of MaineHousing multifamily housing programs.

## **CHAPTER 7 - INDIAN HOUSING MORTGAGE INSURANCE**

This rule sets forth standards governing the administration of the Indian Housing Mortgage Insurance Program. The purpose of the Program is to make mortgage loans available to Indians living on reservations on the same terms as they are available to persons not living on reservations. Due to the restrictions on the use and ownership of land which are peculiar to some of the tribal reservations, financial institutions have been historically reluctant to provide loans to Indians living on reservations. Mortgage insurance provided under the Program offers greater assurance to lenders by removing some of the marketability risks to collateral posed by these restrictions. The Rule sets forth eligibility standards and application, closing, default, and insurance claim procedures.

## **CHAPTER 12 - RESIDENTIAL PROPERTY MUNICIPAL SECURITIES APPROVAL RULE**

This rule sets forth standards pursuant to which MaineHousing may issue certificates of approval under the Municipal Securities Approval Program for issuances of revenue obligation securities to provide financing for projects consisting of multi-family or single family residential property.

## **CHAPTER 13 - ALLOCATION OF STATE CEILING FOR HOUSING RELATED BOND RULE**

This rule revises the Federal formula for allocating that portion of the state ceiling allocated to MaineHousing pursuant to applicable law or Executive Order for housing-related bonds and establishes policies and procedures with respect to allocation and carryforward designations.

## **CHAPTER 16 - ALLOCATION OF STATE CEILING FOR LOW INCOME HOUSING TAX CREDIT**

The Tax Reform Act of 1986 created the low-income housing tax credit for use by qualifying developers of housing projects which satisfy applicable tenant income and rental targeting requirements. MaineHousing has been designated as the housing credit agency for the State responsible for allocation of the annual credit ceiling. This rule establishes the policies and procedures for the allocation process.

## **CHAPTER 17 - NATURAL DISASTER HOME ASSISTANCE PROGRAM**

The Natural Disaster Home Assistance Program is established to provide assistance to homeowners and landlords who are victims of natural disasters.

## **CHAPTER 19 - HOMELESS PROGRAMS RULE**

MaineHousing uses funds from certain federal and state resources to give grants to shelters for homeless persons. This rule sets forth the basic criteria for determining eligible recipients and the terms governing the grants. The standards and funding methodology set forth in this rule were developed by the Statewide Homeless Council with input from a wide variety of stakeholders including agencies providing shelter and other services to people who are homeless, consumers of homeless services, the regional homeless councils, state agencies, and other interested parties.

## **CHAPTER 21- LAND ACQUISITION/IMPROVEMENT AND HOUSING OPPORTUNITY ZONES PROGRAMS**

The Affordable Housing Partnership Act of 1989 establishes programs for land acquisition and assistance to municipalities and nonprofit housing corporations to be administered by MaineHousing. This rule establishes the procedures and selection criteria for the use of funds to finance the acquisition and improvement of land to be used in the development of affordable housing and the designation of housing opportunity zones.

## **CHAPTER 24 - HOME ENERGY ASSISTANCE PROGRAM RULE**

The Rule establishes the Home Energy Assistance Program (HEAP) for the State of Maine as administered by MaineHousing. HEAP provides fuel assistance to low-income Households and assistance to those Households affected by energy-related crises through the Energy Crisis Intervention Program (ECIP). The Rule also incorporates standards for the Weatherization component of HEAP and the Central Heating Improvement Program (CHIP).

## **CHAPTER 25 - WEATHERIZATION RULE**

The Rule establishes the Weatherization Program for the State of Maine as administered by MaineHousing. The Weatherization Program provides weatherization assistance to low-income households.



## **CHAPTER 27 - OWNERSHIP TRANSFERS RULE**

This rule provides guidelines for the transfer of ownership of certain multi-family and supportive housing developments for which MaineHousing is a mortgagee, and where the current owner and prospective new owner would like MaineHousing's financing to be retained after the ownership transfer. This rule does not include lending criteria for financing in excess of the outstanding mortgage loan balance on the original loan. Requests for additional financing must be made under an applicable, currently-offered MaineHousing lending program.

## **CHAPTER 28 – TEMPORARY HOUSING ASSISTANCE PROGRAM RULE**

The Temporary Housing Assistance Program provides emergency assistance in obtaining housing to persons who are homeless or who are in danger of becoming homeless. This rule sets forth the basic criteria for determining eligible sub-grantees and the terms governing the provision of assistance under the Temporary Housing Assistance Program.

## **CHAPTER 29 – MULTI-FAMILY DEVELOPMENT AND SUPPORTIVE HOUSING LOANS AND GRANTS RULE**

MaineHousing offers loan and grant programs for the acquisition, construction, rehabilitation, and preservation of residential rental housing for low income persons and for housing for low income persons with supportive service needs. This rule governs MaineHousing's allocation of resources for such projects, program design, the publication and distribution of program guides, eligibility standards, loan and grant standards, construction and rehabilitation requirements, management requirements, and potential selection criteria. MaineHousing extends loans secured by mortgages to MaineHousing under programs for the acquisition, construction, rehabilitation, and preservation of residential rental housing for low income persons and for housing for low income persons with supportive service needs. This rule governs MaineHousing's allocation of resources for such programs, program design, the publication and distribution of program guides, eligibility standards, loan and grant standards, construction and rehabilitation requirements, management requirements, and potential selection criteria.

## **CHAPTER 30 – SINGLE FAMILY HOME IMPROVEMENT LOAN PROGRAMS RULE**

MaineHousing may offer mortgage financing for the improvement of single family housing for persons of low or moderate income, including without limitation, rehabilitation, home replacement, emergency repairs, lead paint mitigation, accessibility improvements, and energy efficiency improvements. This rule governs program design, eligibility standards, mortgage standards, and construction standards for mortgage financing of improvements to single family homes.

## **CHAPTER 31 – AFFORDABLE HOUSING DEVELOPMENT DISTRICT – RECOVERY OF PUBLIC REVENUE RULE**

Subject to the satisfaction of certain conditions and the approval of MaineHousing, municipalities may create affordable housing development districts within their corporate limits. A municipality that creates an affordable housing development district benefits from the use of increased property values relating to the district without any offsets to the municipality's State revenue sharing and

education subsidies or increase in county taxes. In the event that an affordable housing development district fails to continue satisfying conditions of its creation, this rule provides for the recovery of public revenue resulting from these beneficial tax shifts.

## **CHAPTER 32 – STATE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM RULE**

The rule governs the State Low Income Home Energy Assistance Program (“State LIHEAP”). State LIHEAP provides fuel assistance to low-income persons.

## **MAINE ADMINISTRATIVE PROCEDURES ACT 2007-2008 REGULATORY AGENDA September 27, 2007**

**AGENCY UMBRELLA-UNIT NUMBER:** 99-346

**AGENCY NAME:** Maine State Housing Authority (“MaineHousing”)

**CONTACT PERSON:** Linda Uhl, Chief Counsel, 353 Water Street, Augusta, Maine 04330.  
Tel: (207) 626-4600. [luhl@mainehousing.org](mailto:luhl@mainehousing.org)

**EMERGENCY RULES ADOPTED SINCE THE LAST REGULATORY AGENDA:** None

**EXPECTED 2007-2008 RULE-MAKING ACTIVITY:**

### **CHAPTER 1: Home Mortgage Program Rule**

**STATUTORY AUTHORITY:** 30-A MRSA §4741(1)

**PURPOSE:** This rule sets forth the basic criteria for determining eligible borrowers and the terms governing MaineHousing’s purchase and servicing of loans to eligible borrowers generated by participating lenders.

**ANTICIPATED SCHEDULE:** Prior to October 2008, as necessary.

**AFFECTED PARTIES:** Lenders, servicers, and homebuyers.

**PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT:** No.

### **CHAPTER 2: Cooperation with Local Governments**

**STATUTORY AUTHORITY:** 30-A MRSA §4741(1)

**PURPOSE:** This rule sets forth the procedures for cooperation with local governments, and establishes MaineHousing’s preference for local consent resolutions following generally the statutory form.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Local governments and housing authorities

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

#### **CHAPTER 5: Energy Cost and Utility Allowance Determinations**

STATUTORY AUTHORITY: 30-A MRSA §4741(1)

PURPOSE: This rule outlines the procedures that MaineHousing utilizes to determine energy costs and utility allowances for tenants of multi-unit housing projects whose rents are subsidized under Section 8 of the U. S. Housing Act of 1937.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Tenants and landlords.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

#### **CHAPTER 7: Indian Housing Mortgage Insurance Program Rule**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 4936

PURPOSE: The rule sets forth eligibility standards and application, closing, default, and insurance claim procedures.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Indians residing on reservations and lenders.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

#### **CHAPTER 12: Residential Property Municipal Securities Approval Rule**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 4722(1)(T)

PURPOSE: This rule sets forth standards pursuant to which MaineHousing may issue certificates of approval under the Municipal Securities Approval Program for issuances of revenue obligation securities to provide financing for projects consisting of multi-family or single family residential property.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Developers and municipalities.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

### **CHAPTER 13: Allocation of State Ceiling for Housing Related Bonds**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), (13)

PURPOSE: This rule revises the Federal formula for allocating that portion of the state ceiling allocated to MaineHousing pursuant to applicable law or Executive Order for housing-related bonds and establishes policies and procedures with respect to allocation and carry-forward designations.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Developers, homebuyers and other issuers.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

### **CHAPTER 16: Allocation of State Ceiling for Low-income Housing Tax Credit**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), (14); Internal Revenue Code §42

PURPOSE: This rule establishes the policies and procedures for the allocation of low income housing tax credits.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Developers, contractors, and accountants.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

### **CHAPTER 17: Natural Disaster Home Assistance Program**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 4922(5)

PURPOSE: This rule established terms of the Natural Disaster Home Assistance Program for the provision of assistance to homeowners and landlords who are victims of natural disasters.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Homeowners and landlords who are victims of natural disasters.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

### **CHAPTER 19: Homeless Programs Rule**

STATUTORY AUTHORITY: 30-A MRSA §4741(1)

PURPOSE: This rule sets forth the basic criteria for determining eligible recipients and the terms governing the grants.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Homeless persons and shelter operators.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**CHAPTER 21: Land Acquisition/Improvement and Housing Opportunity Zones Program**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 5013, 5024, 5052

PURPOSE: This rule establishes the procedures and selection criteria for the use of funds to finance the acquisition and improvement of land to be used in the development of affordable housing and the designation of housing opportunity zones.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Potential homeowners and renters, municipalities, and nonprofit housing corporations.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**CHAPTER 24: Home Energy Assistance Program Rule**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1) and (15), 4722(1)(W), 4992

PURPOSE: The rule establishes the Home Energy Assistance Program (HEAP) for the State of Maine as administered by MaineHousing. The rule also incorporates standards for the Weatherization component of HEAP and the Central Heating Improvement Program (CHIP).

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Community action program agencies, tenants, homebuyers, oil dealers and public utility companies.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**CHAPTER 25: Weatherization Program Rule**

STATUTORY AUTHORITY: 30-A MRSA §4741(1) and (15), 4722(1)(W)

PURPOSE: The rule establishes the Weatherization Program for the State of Maine as administered by MaineHousing. The Weatherization Program provides weatherization assistance to low-income households.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Community action program agencies, technical colleges, homeowners and tenants.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

#### **CHAPTER 27: Ownership Transfers**

STATUTORY AUTHORITY: 30-A MRSA §4741(1)

PURPOSE: This rule provides guidelines for the transfer of ownership of certain multi-family and supportive housing developments for which MaineHousing is a mortgagee, and where the current owner and prospective new owner would like MaineHousing's financing to be retained after the ownership transfer.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Developers, nonprofit housing corporations and social service providers, including state agencies.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

#### **CHAPTER 28: Temporary Housing Assistance Program Rule**

STATUTORY AUTHORITY: 30-A MRSA §4762

PURPOSE: This rule sets forth the basic criteria for determining eligible sub-grantees and the terms governing the provision of assistance under the Temporary Housing Assistance Program.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Community action program agencies, homeless shelter operators, social service providers and advocates such as Maine Equal Justice and Pine Tree Legal Assistance.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

#### **CHAPTER 29: Multi-family Development and Supportive Housing Loans and Grants**

STATUTORY AUTHORITY: 30-A MRSA §§4832(2), 4741(1) and 4722(1)

PURPOSE: This rule governs MaineHousing's allocation of resources for loan and grant programs for the acquisition, construction, rehabilitation, and preservation of residential rental housing for low income persons and for housing for low income persons with supportive service needs, the publication and distribution of program guides, eligibility standards, loan and grant standards, construction and rehabilitation requirements, management requirements, and potential selection criteria in connection with such programs.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Tenants, landlords, developers, local housing authorities, lenders, contractors, architects, municipal community development offices, homeowners, Department of Health and Human Services, and mental health service providers.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

### **CHAPTER 30: Single Family Home Improvement Loan Program**

STATUTORY AUTHORITY: 30-A MRSA §§4722(1), 4741(1)

PURPOSE: This rule will govern program design, eligibility standards, mortgage standards, and construction standards for mortgage financing of improvements to single-family homes.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Homeowners, contractors, community action program agencies, housing organizations, lenders, and State and federal agencies.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

### **CHAPTER 31: Affordable Housing Development District – Recovery of Public Revenue Rule**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 5250-E.2

PURPOSE: This rule provides for the recovery from the municipality of public revenue resulting from beneficial tax shifts resulting from the creation of the affordable housing development district in the event that an affordable housing development district fails to continue satisfying the conditions of its creation.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Municipalities, developers, counties, State

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

### **CHAPTER 32: State Low Income Home Energy Assistance Program Emergency Rule**

STATUTORY AUTHORITY: 30-A MRSA § 4722.1W and § 4741.15

PURPOSE: This rule governs the administration of funds from other than federal resources which MaineHousing may receive to provide fuel assistance to low income households in the State of Maine.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary

AFFECTED PARTIES: Community action program agencies, tenants, homebuyers, oil dealers and public utility companies.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**NEW RULE: Rule governing the Lead Hazard Control Program**

STATUTORY AUTHORITY: 30-A MRSA §4741(1)

PURPOSE: This rule will establish policy and guidelines governing MaineHousing's Lead Hazard Control Program.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Community action program agencies, homeowners, tenants, landlords, and contractors

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**NEW RULE: Rule governing municipal affordable housing development district tax increment financing program.**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 5250-B

PURPOSE: This rule will allow MaineHousing to carry out its duties imposed by the law establishing a municipal affordable housing development district tax increment financing program and to ensure municipal compliance following designation of an affordable housing development district.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Municipalities, developers, counties, State

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No

**NEW RULE: Housing Component of Comprehensive Plans**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 4752.2.B

PURPOSE: This rule will establish standards by which lands and buildings are deemed suitable for development of affordable housing for low-income and moderate-income housing to be use by municipalities and school administrative districts.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: School administrative districts, municipalities, developers, tenants, homebuyers



PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**NEW RULE: Rule governing the Preservation of Low-Income and Moderate-Income Rental Housing with Federal Assistance**

STATUTORY AUTHORITY: 30-A MRSA §4741(1), 4977

PURPOSE: This rule will govern implementation of statutory authority given MaineHousing in connection with preservation of low-income and moderate-income rental housing.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Owners and managers of low-income or moderate-income rental housing, tenants

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**NEW RULE: Rule governing conversion of low-income rental housing.**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 4976.1

PURPOSE: This rule will set tenant relocation standards for owners of low-income rental housing taking action that will result in the termination of rental assistance.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Tenants, owners and managers of low-income or moderate-income rental housing.

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No

**NEW RULE: State Surplus Property**

STATUTORY AUTHORITY: 30-A MRSA §§4741(1), 4756

PURPOSE: This rule will govern implementation of the statute allowing MaineHousing to provide surplus state property at below market value to developers who agree to develop affordable housing for low-income and moderate-income households.

ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Developers, tenants, homebuyers

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.

**NEW RULE: Loans to Financial Institutions**

STATUTORY AUTHORITY: 30-A MRSA §4741(1), 4803.1

PURPOSE: This rule will govern the making by MaineHousing of loans to financial institutions for mortgage loans for the financing of housing units or housing projects for persons of low-income for the purposes of expanding the supply of residential mortgage funds, improving housing for low-income persons, and improving energy conservation.

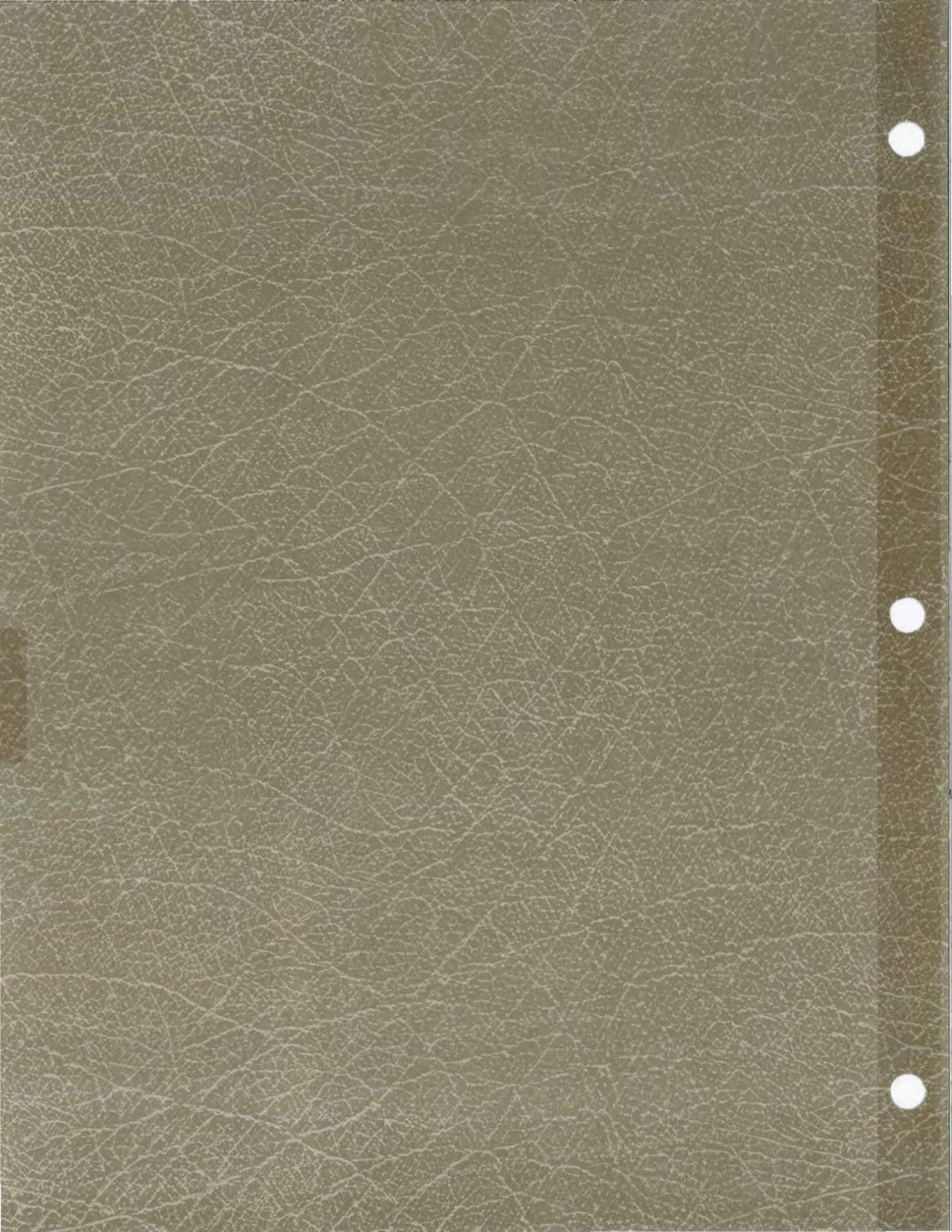
ANTICIPATED SCHEDULE: Prior to October 2008, as necessary.

AFFECTED PARTIES: Financial institutions, homeowners, tenants, landlords

PLAN TO USE CONSENSUS-BASED RULE DEVELOPMENT: No.







# Coordination with Other Agencies

Many of MaineHousing's programs work in tandem with programs offered by other federal, state, and local agencies. Coordination is an important step in making sure everything works smoothly. Coordination with other agencies requires constant attention; it is an easy habit to fall out of. At the highest level, interagency coordination starts with the Governor's Cabinet meetings and the various issue oriented sub-cabinet meetings. To work, however, it also requires regular and ongoing communications at the senior staff level. We have made a conscious effort to communicate and coordinate with other departments.

## Working with State Agencies

To achieve this coordination, MaineHousing leadership meets quarterly with the Department of Health and Human Services (DHHS) leaders to refine our respective efforts to support the interrelated housing and service needs of consumers we both serve. MaineHousing's supportive housing program staff is in regular communication with staff at the Office of Adult Mental Health Services to address the needs of those who require supportive housing. Mental Health Services staff help identify the location of their client population and the type of housing needed; and together we work with housing developers to create the housing environment that best suits their clients' needs.

These efforts are duplicated with numerous other agencies including close collaboration with staff at the Office of Elder Services related to elderly housing, assisted living and adult family care home property development, carefully coordinated homeless efforts through work with the Statewide and Regional Homeless Councils, and networking and coordinated housing and service options offered through the Departments of Health and Human Services and Corrections. These services in concert with housing options are fundamental to providing a stable environment for individuals who are homeless, are in transition or are victims of abuse or neglect.

## Statewide Planning

MaineHousing works with the Department of Economic and Community Development (DECD). Together, we prepare the Consolidated Housing and Community Development Plan that is submitted to the U.S. Department of Housing and Urban Development (HUD) each year to apply for \$21 million in federal grant funds. Annually, Maine DECD and MaineHousing hold statewide public hearings and forums to gather input from communities on what housing issues are important to them and what elements should be included in the Consolidated Plan. This joint effort has led to opportunities to combine Community Development Block Grant funds and MaineHousing Federal HOME funds to assist in the housing development and redevelopment efforts in numerous communities across the state.

We also joined with DECD, USDA Rural Development, and the statewide community action agency network to provide a combined, one-stop home repair program. This extraordinary effort combines different funding programs with different rules and regulations into a seamless statewide network.

We attend DECD Partners meetings along with representatives from other organizations such as the Small Business Administration, Finance Authority of Maine, the Maine International Trade Center, Maine Manufacturing Extension Partnership and the Maine Technology Institute, among others. The group discusses housing and economic development issues.

## Green Partnerships

Since 2005, MaineHousing has provided leadership in Maine, and indeed the nation, in the design and construction of energy efficient, environmentally friendly and sustainable affordable housing. Working with partners such as the Maine Public Utilities Commission (PUC), the Natural Resources Council of Maine, as well as with architects and developers, MaineHousing continues to inspire and fund green affordable multifamily and single-family housing development in communities across the state.

## Government Support through Local Delivery

Pooling resources, expertise and outreach efforts, MaineHousing works with the 10 Maine Community Action Agencies, electric utilities, the Maine PUC and DHHS to expand access to weatherization, lead abatement, home repair, appliance replacement, and home heating assistance to thousands of low-income Mainers. Efficiency Maine funds the appliance replacement program, while electric utilities offer Low Income Assistance Plans (LIAPs), which assist low income homeowners and renters with their electric bills from funds provided through a surcharge on consumer electric bills. A U.S. Department of Health and Human Services grant funds the Low Income Home Energy Assistance Program (LIHEAP), providing money to help low income consumers pay heating costs. Referrals from DHHS, along with coordinated trainings on lead abatement, have significantly reduced the risk of lead exposure for low-income renters with at risk children living in many pre-1978 apartment buildings throughout Maine.

## Smart Growth Planning

MaineHousing works closely with the State Planning Office on Smart Growth issues and the comprehensive planning process. MaineHousing serves on the Community Preservation Advisory Committee, a legislative effort to provide a coordinated state government approach to smart growth.

## Transitional Support for Released Convicts

MaineHousing coordinates with the Department of Corrections in two ways. Our Rental Assistance Coupon Plus Program (RAC+) provides rental assistance for released convicts re-entering society who do not qualify for other programs. We also work with the Women's Correctional Center in Windham to help teach female inmates home building skills. This initiative, known as *Building Futures*, partners organizations such as MaineHousing, Volunteers of America, the Department of Labor, and the Department of Corrections, in an effort to remedy the current lack of non-traditional job skills training opportunities for female inmates.

## Reaching Homeless Veterans

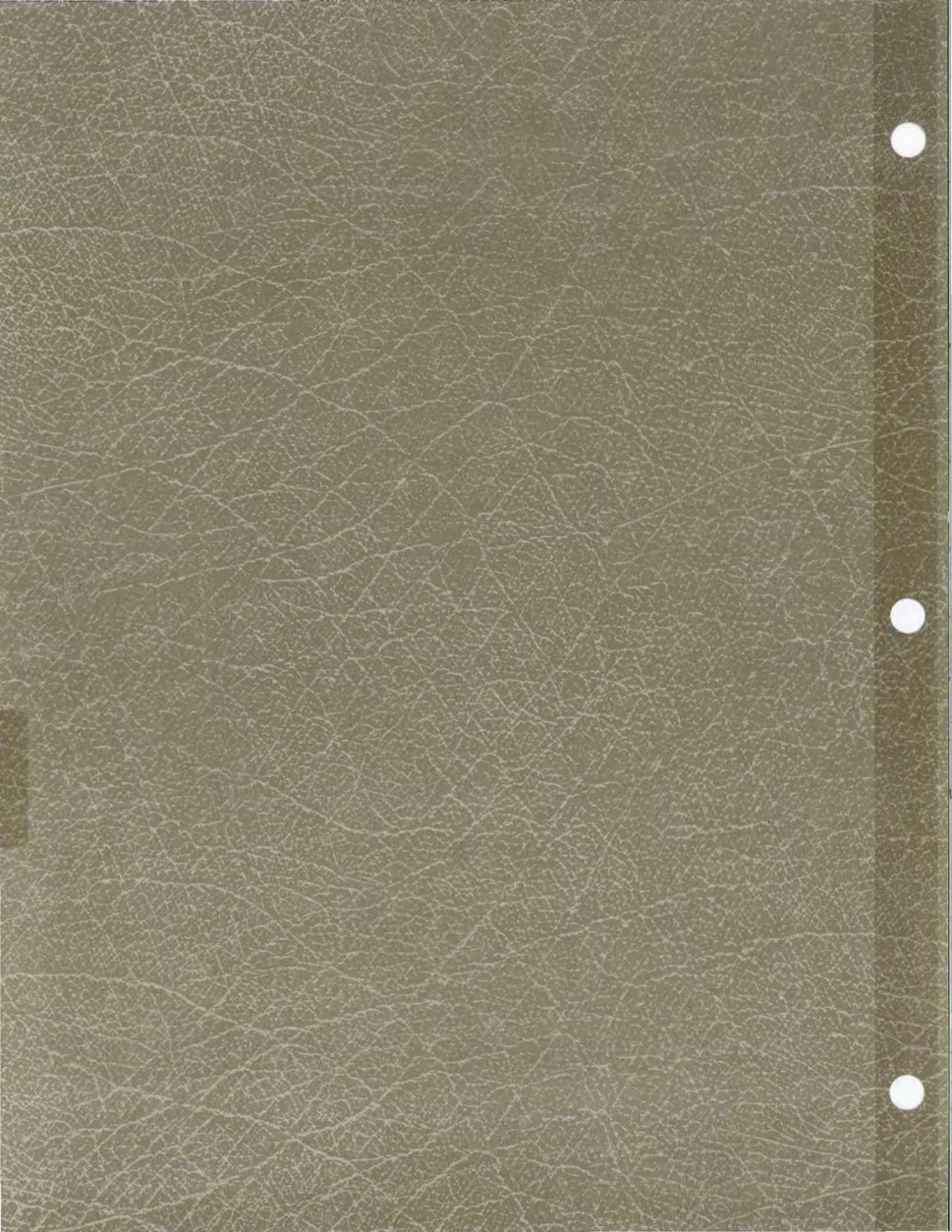
In response to recent legislation, MaineHousing has convened a stakeholder working group focused on the housing needs of homeless veterans in Maine. Some of the stakeholders include Maine leaders from the VFW, American Legion, Disabled American Veterans, Maine Bureau of Veterans' Services, Maine National Guard, representatives from the Governor's Office and the Veterans Administration, the Director of Homeless Initiatives, and homeless service providers. Through our collaborative efforts with these partners, MaineHousing seeks to help create strong outreach strategies and a coordinated network in order to expand our collective reach to homeless vets in Maine. In the future the group will focus on accessing funding to support housing opportunities for Maine's homeless veterans.

We are firm believers in cooperation, communication, and coordination. We continue to seek more ways to work in this fashion.









# Constituents Served by MaineHousing

MaineHousing identifies six major constituent groups served by its programs. Our needs assessment, resource allocation, and goal setting processes focus on serving these six population groups. Performance is measured in terms of meeting the needs of the people we serve. The constituent groups are:

- First-time Homebuyers;
- Owners of Sub-standard Housing;
- People Experiencing Homelessness;
- People with Special Needs;
- Renters Needing Assistance; and
- People Needing Energy Assistance

## First-time Homebuyers

Since 1997 MaineHousing has helped over 17,000 Maine households realize the dream of homeownership. Through MaineHousing's lower interest rate mortgages, these homeowners have saved more than \$8 million annually in mortgage payments. With 62% of the more than 120,000 potential homebuyer households in Maine living below 80% of the area median income, the need for homebuyer assistance is high and continues to grow. MaineHousing's First Home Program, Disaster Assistance Loan Program, and the federally-financed Maine American Dream Initiative, assist this constituent group in purchasing their first home or with replacement mortgages when natural disaster has damaged or destroyed their existing home. In 2006 more than 2,500 people took the homeownership course offered by our partner, hoMEworks; this education helps prevent predatory lending and teaches potential homebuyers the challenges and responsibilities of being a homeowner.

## Owners of Sub-standard Housing

Maine ranks 14<sup>th</sup> in the nation in terms of having the oldest housing stock and 35<sup>th</sup> in terms of per capita incomes. Consequently, many low-income individuals and families own old homes in need of repair. Last year, working with its partners, MaineHousing funded home improvements and repairs to homes of 266 low-income residents including septic repairs or replacements, accessibility improvements, new heating systems and lead paint remediations. Many Maine homes are safe, warm, and accessible today because of MaineHousing's funding of these efforts.

## People Experiencing Homelessness

MaineHousing's goal is to eliminate homelessness by creating long-term housing opportunities. An estimated 8,000 individuals experience homelessness in Maine at some point during the year. Programs such as MaineHousing's Rental Assistance Coupon Plus (RAC+) provide rental assistance for up to two years for individuals and families who are homeless. Sixty percent of the over 200 households receiving this RAC+ rental assistance stayed housed over the past year. In 2006, 85 new

permanent supportive housing units for people who are homeless opened, plus 10 additional units providing transitional supportive housing. MaineHousing helps support Maine's emergency shelters through the Shelter Grant Program, the Shelter Repair Grant Program and the Emergency Winter Response Pilot Program. In 2006 more than \$3 million in combined state and federal resources through these programs, helped 42 emergency homeless shelters across the state with operating expenses, capital improvements, and building repairs.

## People with Special Needs

MaineHousing's Supportive Housing programs are designed to provide housing linked with appropriate services for consumers struggling with mental health or substance abuse, people with developmental, cognitive or physical disabilities, and victims of domestic violence. In 2006, 18 developments with over 100 units serving people who are homeless or with special needs opened. On average, recent funding levels have supported the development of 35 to 50 supportive housing units per year.

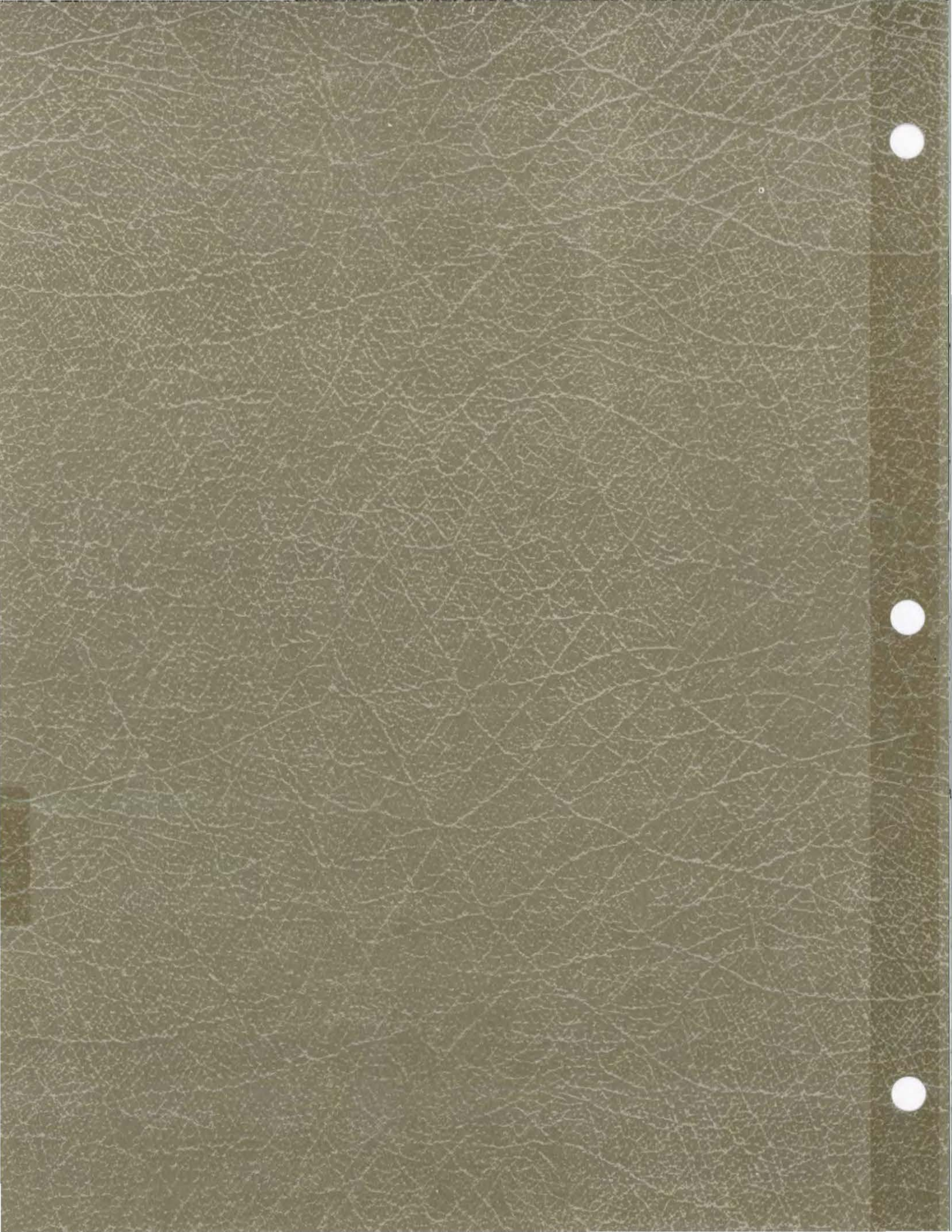
## Renters Needing Assistance

MaineHousing's rental portfolio includes over 17,000 units. Not only does MaineHousing finance new rental housing development, it is also responsible for ensuring that our existing rental portfolio is in good condition, is financially sound, and is serving seniors, people with special needs, and low-income families in need. Last year MaineHousing and its partner agents administered more than 3,700 Section 8 rental assistance vouchers on a monthly basis to low-income renters throughout the state. These vouchers, combined with funds allocated to multifamily property owners through monthly Housing Assistance Program (HAP) payments, represent nearly \$19 million in federal rental assistance provided to Maine low-income families and seniors.

## People Needing Energy Assistance

As home energy costs continue to rise, Mainers with modest incomes face significant challenges in keeping themselves and their families warm throughout Maine's rugged winter months. A 2007 national study reported that low-income families spend at least 20 percent of their income for home energy, over six times the percent of income other households spend. In 2006 MaineHousing initiated changes to the Low Income Home Energy Assistance Program (LIHEAP), stretching these limited federal dollars to generate more heating assistance for low-income Maine households. Over 46,000 households received heating assistance through the LIHEAP program during the 2006-2007, with an average benefit of \$567, while an additional 3,918 households received emergency heating help. Working with our partners, Maine's 10 Community Action Agencies, over 1,700 low-income homeowners received grants for weatherization services or furnace repair or replacement.





# Use of Alternative Delivery Systems Including Privatization

MaineHousing works with two major groups: our customers and our partners. Each is a major stakeholder in our efforts to provide affordable housing to Maine people.

MaineHousing customers are those who may be homeless, in need of an apartment, interested in purchasing their first home or in need of home repair. Generally, MaineHousing does not provide direct service or assistance to Maine citizens. Instead, we rely on a large and interconnected network of intermediaries to provide housing services and resources to needy Maine citizens. These partners contract with MaineHousing, receive funds, and in turn serve housing customers.

## Sheltering the Homeless

To serve those who are experiencing homelessness, MaineHousing works with existing shelters, the Statewide and Three Regional Homeless Councils along with other statewide partners striving to end homelessness in Maine. A group of 42 shelters provides a bed, roof, and warm meal to some of Maine's neediest and most vulnerable citizens. Though each shelter is different, collectively they provide emergency housing to meet the needs of youth, persons with mental illness, those suffering from substance abuse, victims of domestic violence, and the general public. Located in communities across Maine, these shelters provide society's ultimate safety net.

## Making Homeownership a Reality

In our effort to assist first-time homebuyers, MaineHousing works closely with lending institutions and real estate professionals throughout Maine. We contract with lending institutions who originate loans to those who qualify for our first-time homebuyer program and real estate professionals who refer the homebuyers to lending institutions that have our products available.

## Making Homes Safe and Warm

For many years, the state's 10 Community Action Agencies have served as our primary partners in delivering programs that assist owners of sub-standard single-family housing with weatherization, fuel assistance, home repair, and a variety of other community services to meet their needs. Their expertise and knowledge of the needs of low-income Mainers as well as their outreach capacity, make these community-based service agencies an excellent conduit through which these important programs are delivered. Each of the Community Action Agencies is a licensed lending institution, allowing them to use our resources to provide loans, grants, or assistance to improve the homes of Maine's low income citizens.



## Combining Housing and Services

Delivering services to people with special needs is often quite complex. A maze of housing and service options can present challenges in meeting special needs. However, over the years, MaineHousing has developed strong working relationships with a number of non-profit developers who help to bring the service and housing components together as primary deliverers of MaineHousing's special needs efforts. In some cases these developers have a mission that is limited to housing, but in other cases they may be multi-purpose agencies such as regional mental health agencies, area agencies on aging, community action agencies, or local public housing authorities, providing both housing and services. Working collaboratively to maximize limited resources, these non-profit agencies and MaineHousing strive to meet the special housing and service needs of people with mental health or substance abuse issues, victims of domestic violence, and the frail elderly, to name a few.

## Partnering with Housing Developers

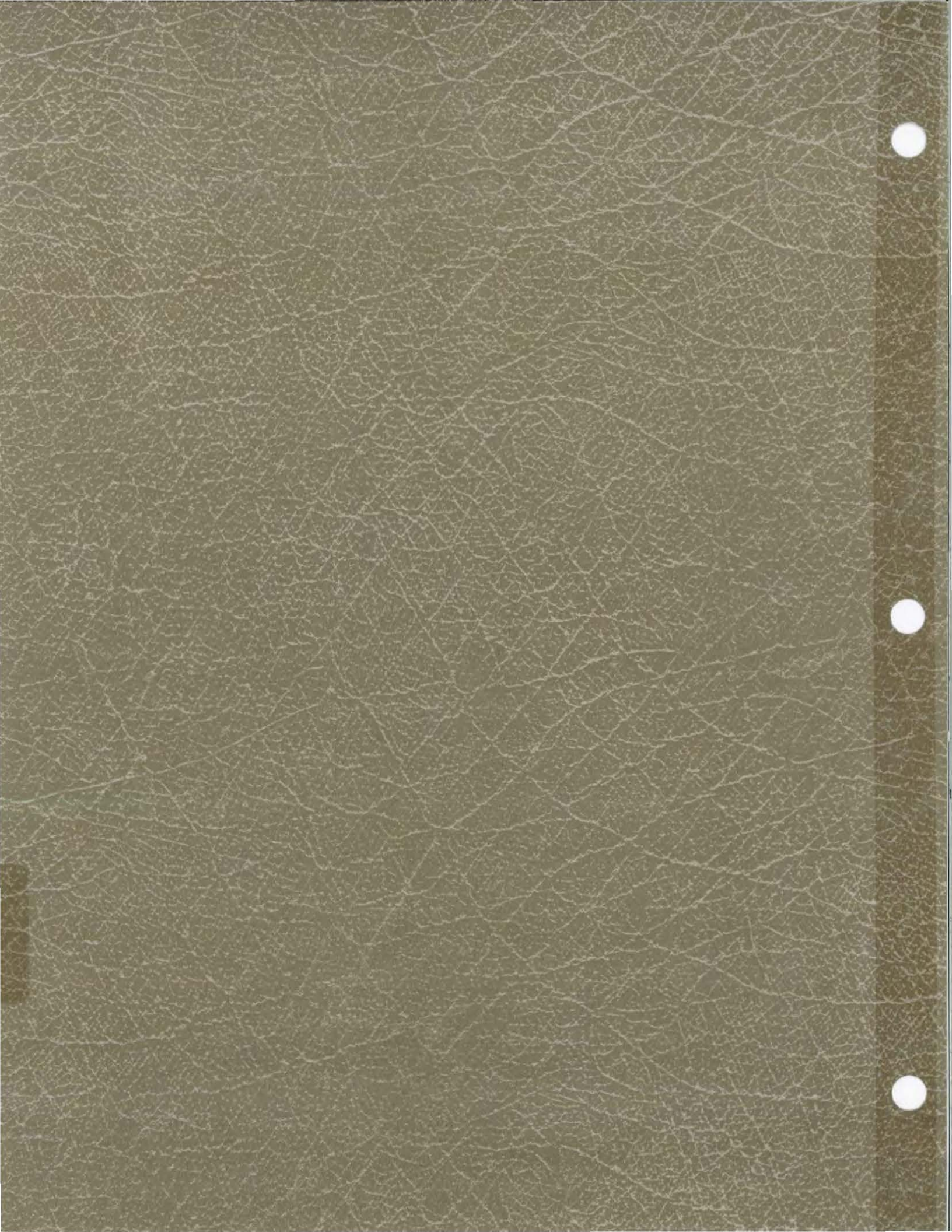
Creating new affordable housing is becoming a more and more complex undertaking. MaineHousing is fortunate that a number of non-profit and for profit developers have mastered the complexities of the tax credit program and the federal and state rules governing our subsidies. These developers are also a key source of advice and counsel to us on how to improve these programs.

## Providing Rental Assistance

Lastly, the most complex delivery system employed by MaineHousing is the system by which apartments and rental assistance are made available to the state's low-income renters. The rental assistance program is facilitated and delivered directly through HUD; through MaineHousing contracted partners; and through local public housing authorities located throughout the state. To make affordable apartments available to low income renters, over the years, HUD has contracted directly with large private developers, providing financing to those developers who in turn set aside low-income units for needy citizens. HUD also contracts directly with local public housing authorities and MaineHousing (serving the balance of the state where no local housing authorities exist) to administer rental assistance to low income renters through the Section 8 Housing Choice Voucher Program. Though the local housing authorities directly administer the Section 8 Voucher Program in regions within their jurisdiction, for the most part MaineHousing contracts out the delivery of the Section 8 Voucher Program for the balance of the state to a variety of non-profit entities through a bid process, contracting only with those entities that can most efficiently and effectively deliver the program.

We are pleased with the delivery systems we have in place, but, as we mention in the *Emerging Issues* section, we continue to review these for possible improvements.





# Emerging Issues

This is the section where we are asked to identify recent trends and anticipate issues that will become major in the future. It is hard to resist the urge to list issues that are major, important, and already emerged.

It is interesting to look back at the submission we prepared seven years ago (which immediately follows). Some of the things we anticipated then have in fact evolved into major statewide issues (smart growth and sprawl), some have only become exacerbated over time (the conversion of homeless shelters into a delivery vehicle for mental health services), some turned out to be less than anticipated (contract administration for HUD), and others remain current (the use of the internet, the impact of baby boomers on our housing stock, and the southern Maine housing crisis that has expanded to the coast and the islands).

## Major, Emerged Issues

Three of the major, emerged issues that we continue to face and that may get worse:

### **Homeless shelters continue to be used as a vehicle for mental health services delivery.**

In 1999 we wrote: “Approximately one-half of the people using homeless shelters are mentally ill, suffer from drug or alcohol addiction, or both. Some are people who have never been served by the mental health system, some are people who have been de-institutionalized, and some have been in and out of the mental health system. More and more the homeless shelters are becoming a delivery vehicle for mental health services.” Despite the best efforts of everyone involved, this continues to be the case.

### **Sprawl increases costs to property taxpayers, and stresses the transportation infrastructure and families.**

We are working to make sure our rules and incentives encourage developers to put affordable housing in downtowns and to reuse existing structures. These are sometimes expensive and challenging but are worth doing. Are there other approaches such as inclusionary zoning that might work? We need to make sure our codes do not discourage downtown development, that our local zoning ordinances are consistent with our comprehensive plans, and that our downtowns have a healthy mix of housing for all income levels.

### **The cost of housing is increasing 5 times faster than our incomes.**

The high cost of buying, renting, and creating affordable housing for all of the many different types of people we serve is a continuing challenge and one that only seems to get worse as other sectors of the economy face the same problems resulting in more competition for fewer resources. Consider the recent discussion and debate about our transportation infrastructure. Consider the increasing costs of health care compared to the increase in incomes. The same is true for education,

environmental protection, and the cost to care for those who depend upon the Department of Health and Human Services.

This environment will continue to challenge us and force us to be as creative as possible.

## Emerging Issues

### **Housing people who are homeless cuts the costs of the services they consume in half.**

A new approach in addressing the needs of people who are homeless is to first stabilize their housing situation. Having done that, it is easier to address the many challenges that contributed to their becoming homeless. An estimated 2/3rds of people who are homeless struggle with mental illness, substance abuse, or co-occurring disorders. It is very difficult to address these issues when the person needing assistance does not have a fixed residence. A recently released study analyzed the cost of homelessness in Maine and found that housing people experiencing homelessness cuts the average cost of services they consume in half. The key to these cost savings lies in the efficient delivery of appropriate levels of support to meet individual needs. The study showed that a person experiencing homeless can be housed and receive 35% more mental health services at an average savings of \$944 per year.

New transitional and permanent supportive housing has been built for people who are homeless and have special needs. Logan Place, a 30-unit permanent supportive housing property for individuals who have a disability and a long history of homelessness, opened in 2005. Designed on the *Housing First* model, Logan Place allows people to be moved directly from the streets or emergency shelters to the property and provides the appropriate level of support to help them remain stably housed. Other types of permanent supportive housing are also being created.

### **Though Maine is ranked 28<sup>th</sup> in number of subprime loans per capita, it is ranked 15<sup>th</sup> in terms of percent of subprime loans that are seriously delinquent.**

The Committee is certainly familiar with the complex issues surrounding predatory lending and the sub-prime mortgage market. The two are not the same thing. Predatory lending is deceptive and inappropriate lending that takes advantage of borrowers for the financial benefit of the lenders. Predatory lending is a subset of sub-prime lending. Sub-prime lending allows lower income people to become homeowners who would not be served by the prime lending market. Appropriate sub-prime products are not inherently predatory if the borrower is capable of repaying the loan.

The complexities of the sophisticated credit markets present many challenges in trying to figure out how to help the victims of predatory lending without bailing out savvy investors or the predators themselves. The Committee gave MaineHousing the authority to refinance loans for those victims of predatory lending who face foreclosure. We are monitoring the situation carefully and exploring all responsible avenues to help people who were preyed upon.

**Lack of money for room, board, and services is an obstacle to supportive housing for people with special needs.**

Successfully creating and preserving opportunities for people with special housing needs remains a primary goal of MaineHousing. This population includes people who are homeless, are struggling with mental illness, have a developmental disability such as mental retardation, Autism, or Down Syndrome, or have a physical disability that requires some form of support service along with their housing. These people are some of Maine's most vulnerable citizens.

Success in this area faces a number of challenges. The people we serve are generally very low income. The housing developed to serve this population cannot afford to pay debt – most of our loans are essentially grants. Also, the residents cannot afford to pay enough rent to cover the costs of operating and maintaining the buildings. There are also not enough funds to pay for the services the residents need. The financial challenges here also impact the non-profits that develop the housing. These challenges threaten the organization's viability. Certainly full restoration of the HOME Fund would help this situation, as would increased federal rental subsidies.

**Delivery systems must change as partners change.**

The world is an ever changing place, and it is important for us to adapt and adjust our program delivery systems to ensure optimum efficiency. There are a number of trends and situations that we are following and have acted on in response to changes in the environment. These trends include technology efficiencies and consolidations.

In our LIHEAP program, we have recently introduced a centralized computer system that shortens the time it takes to process applications and issue checks. Whereas it used to take all winter to process the applications and send the checks, most of this work is now done by December 31<sup>st</sup>.

The Community Action Program (CAP) agencies that we partner with on many programs are changing. Not all CAPs want to focus on all of the programs. A number of years ago the delivery of our lead-based paint remediation program was consolidated at four CAPs. This allowed for economies of scale and expertise. The CAPs have also consolidated various services regionally. For instance, PROP now handles weatherization for York CAP. A number of CAPs are considering mergers. In this context, we are exploring how we can improve the ways we deliver our programs.

**Building green will continue to reduce the operating costs of our housing properties.**

There has been a sea change in public opinion in the past year in support and acceptance of the benefits of building energy and environmentally efficient housing. This trend will continue in both newly constructed and renovated housing. MaineHousing already requires that new developments be designed and built to newly adopted green standards. One of the driving factors of increasing operations costs is the cost of energy. Higher and higher energy costs mean higher and higher operating costs as well as transportation costs for the residents. With limited budgets and resources, affordable housing owners and developers need to reduce unnecessary costs wherever they can. Residents will also be looking for transit-friendly housing. More and more owners of existing affordable developments will be looking at environmentally friendly, sustainable and energy efficient solutions.

**Sex offenders are the fastest growing cohort of people who are homeless.**

This problem was highlighted by the highly visible saga of a child abuser in York County whose story only seemed to end when he died. This may not specifically be MaineHousing's problem, but it is a housing problem. The problems of the sex offender registry have been brought before the Legislature. Every town legitimately wants to protect its children and citizens. At the same time, convicted sex offenders need a stable place to live. Our emergency shelters, the streets, and campgrounds are not the solution. What then, to do?

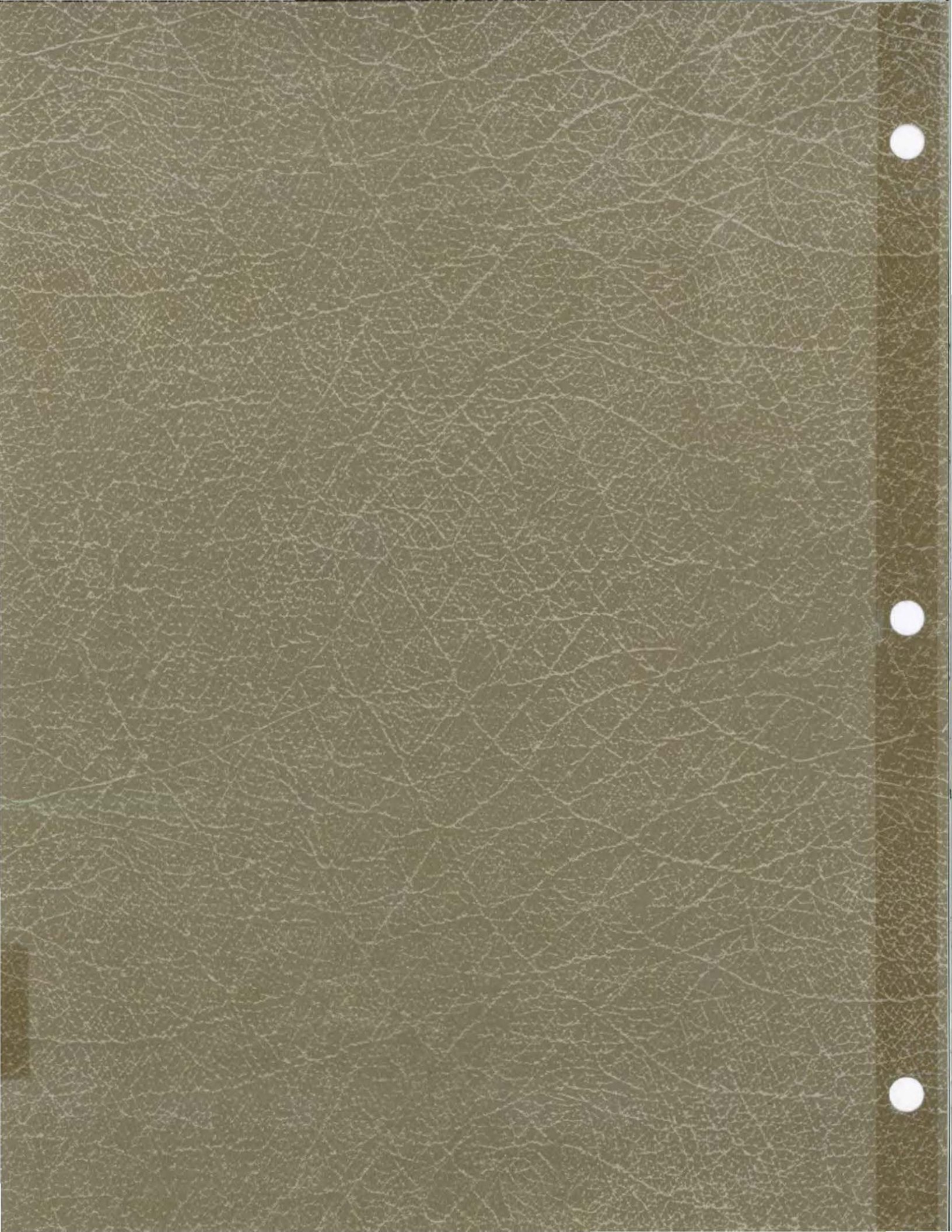
## 1999 Emerging Issues

We thought you might be interested in what we submitted for emerging issues seven years ago. Here is a list of the headings:

- The Housing and Service Needs of the Elderly
- The Use of Bond Cap for Education v. Housing
- Homeless Shelters and People Who Are Mentally Ill
- Smart Growth and Sprawl
- Southern Maine Housing Crisis
- Preservation and HUD
- Alternative Building Structures
- Role of the Internet
- The Balkanization of the HOME Fund
- The Future Look of Maine's Housing Stock
- Contract Administration for HUD
- Rural Access to the First Time Homebuyer Program
- Quality and Balance of Rental Housing







# Comparison of Federal Laws and Regulations to State Laws and MaineHousing Rules

MaineHousing runs several programs established under federal law. Federal statutes and regulations create and govern the programs. State law gives MaineHousing specific authorization as the entity within Maine to administer the federal programs and in some cases imposes additional requirements on the program. MaineHousing also has adopted rules regarding its administration of the federal programs. The following is a summary of the federal laws establishing MaineHousing programs, the Maine statutory provisions concern MaineHousing's administration of the programs, and MaineHousing rules governing the programs.

**Federal laws:** Section 142 of the Internal Revenue Code of 1986, 26 U.S.C. § 142, and applicable regulations govern MaineHousing's issuance of bonds for qualified residential rental projects.

Section 143 of the Internal Revenue Code of 1986, 26 U.S.C. § 143, and applicable regulations govern MaineHousing's issuance of bonds for the First Time Homebuyer Program.

Section 145 of the Internal Revenue Code of 1986, 26 U.S.C. § 145, and applicable regulations govern MaineHousing's issuance of qualified 501 (c)(3) bonds.

*State law:* MaineHousing has the authority to issue bonds for its corporate purposes. 30-A MRSA 4871, *et seq.* MaineHousing has the power to invest funds, deal in mortgage credits, allocate MaineHousing's share of the tax-exempt bond ceiling, and certify bonds. 30-A MRSA 4741. Section 4901 governs mortgage credit terms, the use of bond proceeds, and reserves.

*MaineHousing Rules:* See Chapter 1 of MaineHousing's rules (single family) and Chapter 29 of MaineHousing's rules (multi-family and supportive housing).

**Federal laws:** Pub. L. 97-35, Title XXVI and applicable regulations govern MaineHousing's low income home energy assistance program.

Part A of the Energy Conservation in Existing Buildings Act of 1976, 42 U.S.C. § 6861 *et seq.*, and applicable regulations govern MaineHousing's weatherization programs.

*State law:* MaineHousing has the authority to act as the weatherization, energy conservation, and fuel assistance agency for the State. 30-AMRSA 4741.15. MaineHousing is subject to certain administrative, reserve fund, and notification requirements. 30-A MRSA 4991, *et seq.*

*MaineHousing Rules:* See Chapter 24 of MaineHousing's rules (energy assistance) and Chapter 25 of MaineHousing's rules (weatherization).

**Federal law:** Section 42 of the Internal Revenue Code of 1986, 26 U.S.C. § 42, and applicable regulations govern MaineHousing's low income housing tax credits program.

*State law:* MaineHousing is designated the housing credit agency for the State of Maine. 30-A RSA 4742.14.

*MaineHousing Rule:* See Chapter 16 of MaineHousing's rules.

**Federal law:** Section 8 of the United States Housing Act of 1937, 42 U.S.C. §1437 *et seq.*, and applicable regulations govern MaineHousing's tenant based certificate and voucher programs, MaineHousing's mod-rehab program, and MaineHousing's Section 8 multifamily portfolio.

*State law:* To provide Federal financial assistance (Section 8) for a new construction or substantial rehabilitation project within the territory of a municipality housing authority, MaineHousing must notify and in the case of new construction obtain the prior consent of the municipality. 30-A MRSA 4771, *et seq.*

*MaineHousing Rule:* See Chapter 2 of MaineHousing's rules.

**Federal law:** The Stewart B. McKinney Homeless Assistance Act, 42 U.S.C. § 11301, *et seq.*, and applicable regulations govern some of MaineHousing's funds for homeless programs, transitional housing and shelter plus care.

*State law:* MaineHousing has the authority to coordinate homeless programs for the State and administer federal funds for homeless persons under 30-AMRSA 4741.18.

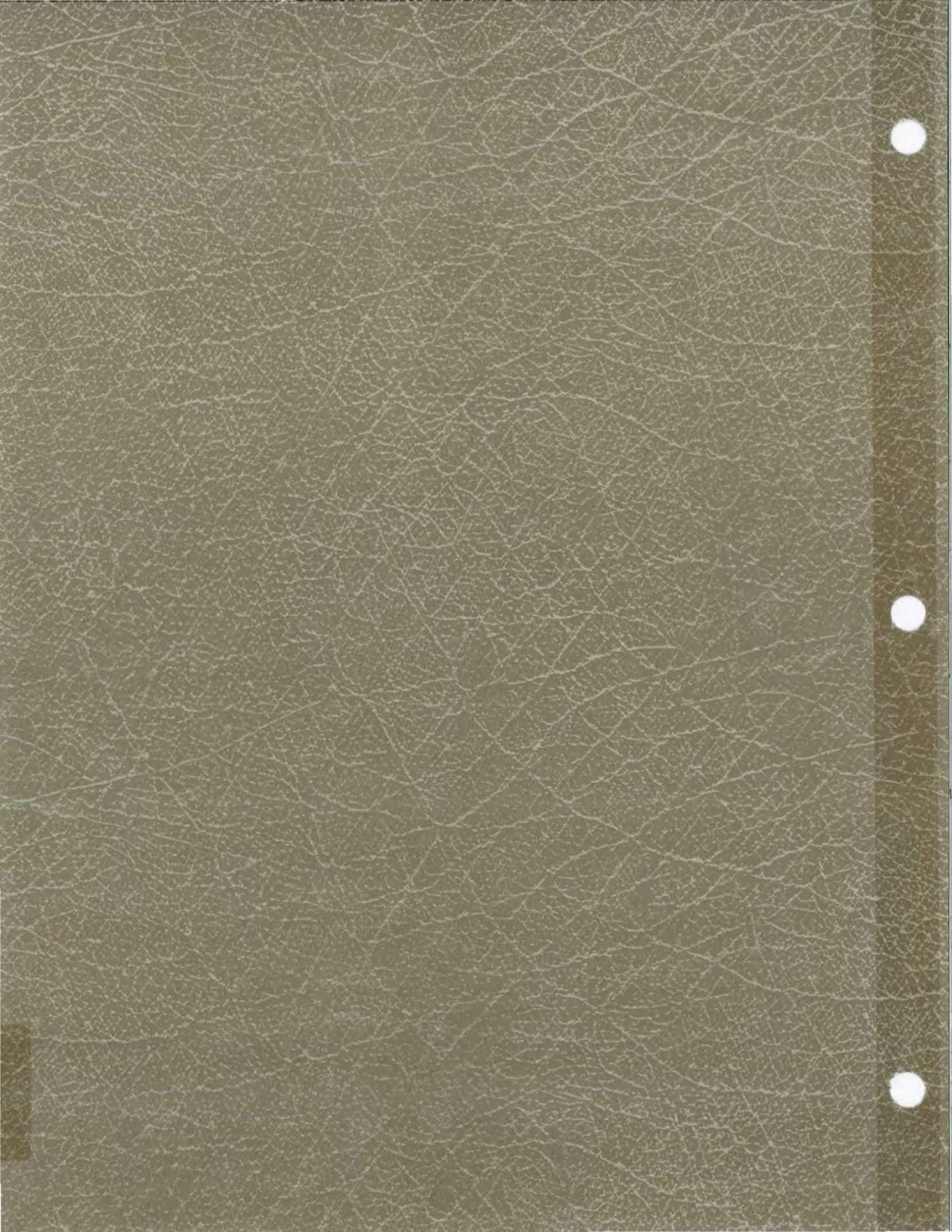
*MaineHousing Rules:* See Chapter 19 of MaineHousing's rules.

**Federal law:** The HOME Investment Partnerships Act, Title II of the Cranston-Gonzales National Affordable Housing Act, as amended, 42 U.S.C. 12701 *et seq.*, and applicable regulations govern some MaineHousing programs for single family purchase, single family repair, multifamily development, and tenant based rental assistance.

*State law:* MaineHousing has the authority to carry out the program under 30-A MRSA 4741.17.

*MaineHousing Rules:* See Chapter 1 of MaineHousing's rules (single family) and Chapter 29 of MaineHousing's rules (multi-family and supportive housing).





# MaineHousing Privacy Policies

The laws governing MaineHousing deem confidential tenant application information, individual financial information statements submitted in connection with mortgage applications, and applicant information gathered for the weatherization, energy conservation, homeless assistance, or fuel assistance programs.

In addition, we have specific privacy policies for:

- those who visit our web site,
- our participating lenders, and
- our borrowers.

MaineHousing complies with the federal Privacy Act of 1974 and the privacy policies of the federal agencies that provide funding for our programs. Those policies are incorporated into the various forms and applications we use. They are not included here but are available if the Committee would like to see them.

When the federal law implementing privacy standards for the banking industry was enacted, there was considerable debate among the state housing finance agencies about whether the law applied to us. This was never conclusively determined, but MaineHousing and others decided to comply since it is in the best interests of the consumer.

While acting to protect the privacy of those we serve, MaineHousing also complies with the spirit as well as the letter of Maine's disclosure laws.

## MaineHousing Privacy Policy- Website

This statement pertains exclusively to the collection of personal information on the MaineHousing web site, which is controlled, operated and maintained by the MaineHousing personnel.

MaineHousing understands the importance of protecting the privacy of the visitors to our web site, and therefore does not collect personally identifying information about you, such as your name, address or telephone number, unless you voluntarily provide the information to us.

### **PUBLIC DISCLOSURE**

The information you provide voluntarily will be treated in the same manner as information provided in written form and is subject to the general confidentiality, public inspection, and legal discovery provisions of 1 MRSA Chapter 13.

### **COOKIES**

MaineHousing's web site does not use cookies to track your visits to our web site.

## INFORMATION WE COLLECT

MaineHousing may collect some or all of the following information, from server logs, about visitors who view or download information from our web site. This information does not identify you personally. Below are definitions of the information that we do collect.

- Date: Date the visit occurred.
- Time: Time the visit occurred
- Client IP: Unique Internet Protocol (IP) address of the web site visitor. The IP address is normally that of the visitor's Internet service provider.
- Server IP: Unique Internet Protocol (IP) address of the web server that was accessed.
- HTTP Request URL: Identifies the web page or file requested by the web site visitor during that connection.
- Bytes Sent: Amount of data send from the web server to the web site visitor during that connection.
- Bytes Received: Amount of data sent from the web site visitor to the web server.
- User Agent: Type of web browser or other client software that made the request to the web server.
- Referrer: Uniform Resource Locator (URL) that referred to the requested file.
- Protocol Version: Version of HTTP used by the visitor's web browser software.

MaineHousing collects this information to help us analyze trends and make our site more useful to visitors. The information on the web site logs is not personally identifiable, and we make no attempt to link it with the individuals that browse our web site.

## PERSONALLY IDENTIFIABLE INFORMATION

"Personally identifiable information" is information about a natural person that is readily identifiable to that specific individual. It includes, for example a person's name, street address, email address, fax number, or telephone number. We will not collect any personally identifiable information about you through our web site, unless you voluntarily use our site to send us an e-mail message, participate in a survey, or fill out and send an on-line form.

Your choice not to engage in these activities will not impair your ability to browse our web, read or download any information provided on the site.

## IF YOU SEND US AN EMAIL

You may choose to provide us with personally identifiable information in an email message. Your email message and address may be forwarded to another agency for response or other action if appropriate. We strongly discourage visitors from including identifying information, such as federal employer identification numbers, etc. Email addresses obtained as a result of making a request to our site will not be sold or given to private companies for marketing purposes.

## **SECURITY**

While MaineHousing has instituted security measures to protect the information and systems that we maintain, it cannot guarantee that all transmissions to and from the MaineHousing web site are secure. Emails that you send to MaineHousing may be subject to interception. If your communication includes personal information that you do not wish to provide electronically, please contact MaineHousing by postal mail or telephone.

## **DISCLAIMER FOR EXTERNAL LINKS**

Our web site contains links to other web sites that are not owned, operated, controlled, or reviewed by MaineHousing. When you link to another site, you are no longer on our site and are subject to the data collection activities and private policies of that web site. We encourage you to read the privacy policies of web sites reached through the use of links from the MaineHousing site. Specific questions regarding information on off-site pages should be directed to the appropriate organization.

Links from MaineHousing web site to other web sites do not constitute or imply an endorsement or recommendation by MaineHousing.

## **DISCLAIMER AND LIABILITY NOTICE**

This web site is intended to provide general information to the public. The information in this web site is dynamic and will change over time. Portions of such information may be incorrect or not current.

MaineHousing shall not be held liable for improper or incorrect use of the information contained in this web site. Neither MaineHousing nor any of its employees makes any warranty, expressed or implied, including the warranties of merchantability and fitness for a particular purpose, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would infringe on privately-owned rights.

Any person or entity that relies on any information obtained from this site does so at his or her own risk.

## **CHANGES TO PRIVACY STATEMENT**

Advances in technology, legal developments, and new policies and practices may necessitate the need to change or update this privacy statement from time to time. We reserve the right to change this statement without notice. It is the responsibility of the user to check this page for any changes.



## QUESTIONS OR COMPLAINTS

If you have specific questions about this privacy statement or complaints about the MaineHousing web site, please contact:

Webmaster  
MaineHousing  
353 Water Street  
Augusta, Maine 04338  
Voice: (207) 626-4605  
Email: [webmaster@mainehousing.org](mailto:webmaster@mainehousing.org)

## MaineHousing Privacy Policy – Participating Lenders

### Excerpt from Lender Mortgage Purchase Agreement with MSHA, Section 10:

MSHA shall keep personal financial information of Applicants and Eligible Borrowers confidential except as allowed by State or Federal Law, including without limitation:

- A. To effect, administer or enforce a transaction, as necessary;
- B. To implement required institutional risk control;
- C. To resolve Applicant or Eligible Borrower disputes or inquiries;
- D. To make full and complete reports concerning the administration of its programs as required by the Federal Government or State of Maine Legislature;
- E. To comply with subpoena, request for production of documents, warrant or court order;
- F. To introduce evidence in litigation or a proceeding to which MSHA is a party; or
- G. If an individual waives the confidentiality protection in writing or otherwise.

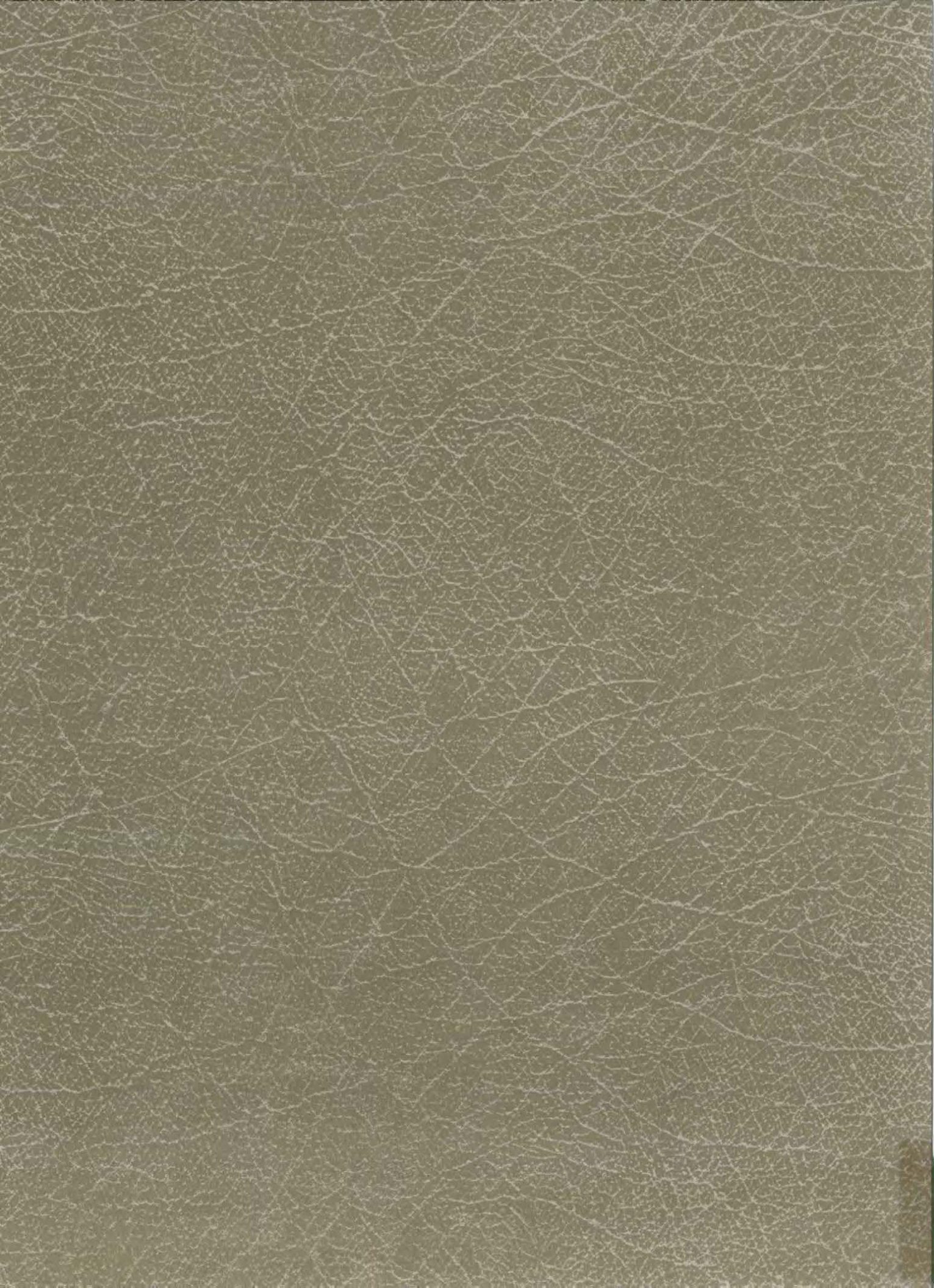
## MaineHousing Privacy Policy – Borrowers

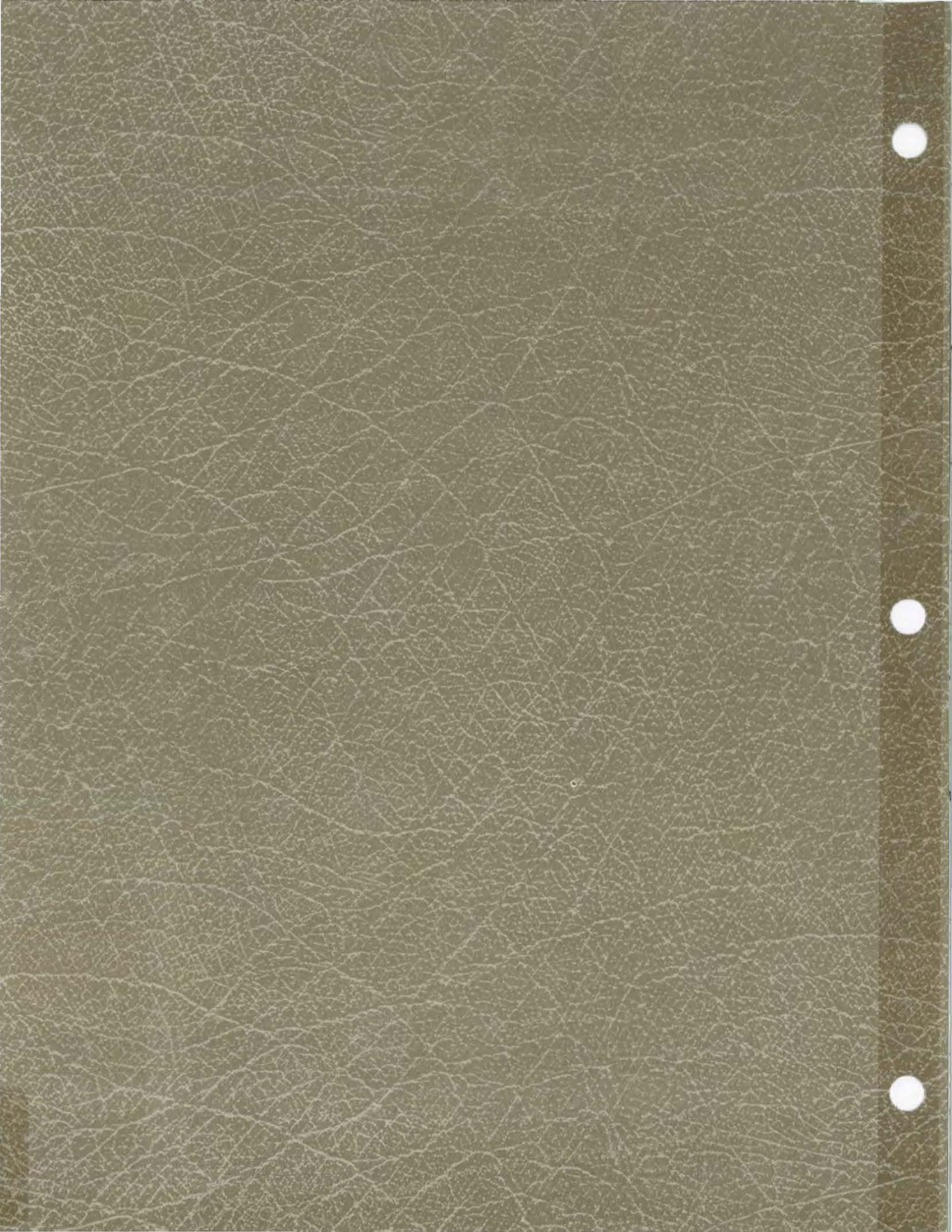
Federal law requires the Maine State Housing Authority (“MSHA”) to provide this notice to you because we own the servicing rights to your home mortgage. MSHA is committed to protecting your privacy.

We may have nonpublic personal information about you from the following sources:

- Information we received from your loan application and other forms;
- Information we received about your transactions with us and others; and
- Information provided by consumer reporting agencies.

State law requires MSHA to keep your personal financial information confidential except under very limited circumstances. We do not disclose any information about you except as permitted by state and federal law. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information.





# Reports, Applications, and Paperwork Required to be Filed

Participation in all of MaineHousing's programs is voluntary. MaineHousing does not require the public to file any reports or other paperwork unless a member of the public is seeking MaineHousing financing or program benefits. We have provided a brief description of the types of reports, applications, and paperwork we require to take advantage of our programs. We would be happy to provide more details if desired.

## Grant Programs

All of our grant programs are income based. We have consolidated the application process for six different programs: the Low Income Home Energy Assistance Program (LIHEAP), the LIHEAP Weatherization Program, the LIHEAP furnace replacement program, the Department of Energy Weatherization Program, the Low Income Assistance Program, and the Appliance Replacement Program. This provides a one-stop application process for the people we serve. Once an applicant is approved, any additional paperwork required comes from our auditing of the businesses entrusted to provide the services.

Our rental assistance programs require applications and annual income certifications pursuant to federal law and regulation.

## Homeownership Programs

For our first time homebuyer loans, a borrower applies to a participating lender on their forms and provides all of the routine paperwork required of any homebuyer. In addition, we require a borrower affidavit and a seller affidavit. For our mobile home loans we require a security agreement, and, for a home in a park, a copy of the lease and a lien notice. For our homebuyer loans with a home improvement loan included, we require an additional certification and escrow agreement.

## Affordable Housing Tax Increment Financing Program

Municipalities that have an approved affordable housing tax increment financing program must annually certify that the purpose of the district is being met and that the housing units remain affordable.

## Rental Development Programs

Our loan programs for multi-family and supportive housing are used by non-profit and for profit developers who serve members of the public. These are usually very complex, often involving multiple funding sources that have their own very detailed regulation and requirements. These developers apply directly to MaineHousing for loans and have obligations to us that can have terms

as long as ninety years. We review their operations, administration, and finances and they are required to submit reports to us annually. A summary of those reports follows to give a flavor for these requirements.

Report	Entities Required to Submit Report	Frequency of Reporting	Statutory Authority	Implementation of Statutory Authority	Number of Filings Received Annually	Actions to Reduce Redundancy
<b>Audited Financial Reports (AFRs)</b>	MaineHousing financed properties, usually with 20 or more units – MaineHousing reserves the right to require these submissions if it deems necessary for the well being of the property.	Annually – Due 60 days after the close of the property’s fiscal year. Compliance with this reporting requirement, in most cases, is coterminous with the loan discharge.	This reporting requirement is driven by the funding source used to develop the property. In the case of tax-exempt bonds, the official statement provides assurance that MaineHousing will monitor the fiscal viability of the property.	This requirement commences at the time of the permanent loan closing.	2005 – 215 2006 – 218 2007 – 217 2008 – 217* 2009 – 217*  *Anticipated: numbers could change due to new loans or existing loans being paid off.	MaineHousing has established a method by which AFRs can be electronically submitted for review. This reduces the consumption of paper.
<b>A-133 Audited Financial Reports</b>	All non-profit (501c3) entities that receive \$500,000 or more in federal funds.	Annually – Due 9 months after the close of the property’s fiscal year. Compliance with this reporting requirement, in most cases, is coterminous with the loan discharge and is required throughout the term of the HAP contract if the annual funding exceeds the \$500,000 threshold.	This requirement is a mandate of the US – Office of Business Management (OMB).	This requirement commences at the time of permanent loan closing, at the time of the 501c3 inception, or at the time the receipt of federal funds exceeds the \$500,000 threshold. A submission of this report may be required by other Departments of MaineHousing due to funding streams.	2005 – 42 2006 – 45 2007 – 45 2008 – 45* 2009 – 45*  *Anticipated: numbers could change due to new loans or existing loans being paid off.	MaineHousing has established a method by which A-133s can be electronically submitted for review. This reduces the consumption of paper.

Report	Entities Required to Submit Report	Frequency of Reporting	Statutory Authority	Implementation of Statutory Authority	Number of Filings Received Annually	Actions to Reduce Redundancy
<p><b>Property Operating Budget</b></p>	<p>MaineHousing financed properties, usually with 20 or more units – MaineHousing reserves the right to require these submissions if necessary.</p>	<p>Annually – Due 30 or 60 days prior to the commencement of the property’s fiscal year. Compliance with this reporting requirement is coterminous with the loan discharge.</p>	<p>This reporting requirement is driven by the funding source used to develop the property. In the case of tax-exempt bonds, the official statement provides assurance that MaineHousing will monitor the fiscal viability of the property.</p>	<p>This reporting requirement commences at the time of permanent loan closing.</p>	<p>2005 – 204 2006 – 204 2007 – 209 2008 – 209* 2009 – 209*</p> <p>*Anticipated: numbers could change due to new loans or existing loans being paid off.</p>	<p>MaineHousing has established a method by which Operation Budgets can be electronically submitted for review. This reduces the consumption of paper.</p>
<p><b>Owner/Tenant Certifications (MaineHousing financed through Rental Loan Program, New Lease, Supportive Housing and other financing programs).</b></p>	<p>All non-Sec. 8 project-based properties that have residential units.</p>	<p>Annually – Due on the first day of the month represented by the last digit of the property number (e.g. 1 = January, 2 = February, etc.). This reporting requirement remains in place through the Qualified Project Period (QPP) of the property, which may exceed the maturity or discharge of the loan.</p>	<p>This reporting requirement is driven by the funding source used to develop the property. In the case of tax-exempt bonds, the official statement provides assurance that MaineHousing will monitor the fiscal viability of the property. FedHOME funds precipitate the requirements for this reporting as described in the FedHOME Final Rule.</p>	<p>This reporting requirement commences at the time of permanent loan closing and after full or an established percentage of occupancy at the property has been attained.</p>	<p>2005 – 249 2006 – 267 2007 – 287 2008 – 287* 2008 – 287*</p> <p>*Anticipated: numbers could change due to new loans, existing loans being paid off, or properties reaching the end of their compliance periods.</p>	<p>For those properties in this category that have a project-based Sec. 8 Housing Assistance payment Contract, the occupancy information submitted through TRACS (see below) is sufficient to meet the reporting requirement. For LIHTC properties (see below) a single submission for both programs is acceptable if the submission contains the additional bond required information.</p>

Report	Entities Required to Submit Report	Frequency of Reporting	Statutory Authority	Implementation of Statutory Authority	Number of Filings Received Annually	Action Reduce Redundancy
Statements of Continued Use	Supportive Housing properties that do not have FedHome funding and are "usually" beds.	Annually – Due on the first day of the month represented by the last digit of the property number (e.g. 1 = January, 2 = February, etc.). This reporting requirement remains in place through the QPP of the property, which may exceed the maturity or discharge of the loan.	This reporting requirement is driven by the funding source used to develop the property. In the case of tax-exempt bonds, the official statement provides assurance that MaineHousing will monitor the fiscal viability of the property.	This reporting requirement commences at the time of permanent loan closing and after full or an established percentage of occupancy at the property has been attained.	2005 – 193 2006 – 195 2007 – 195 2008 – 195* 2009 – 195*	None.
Owner/Tenant Certifications (Low-Income Housing Tax Credit - LIHTC)	MaineHousing is the state allocating agency for LIHTC and requires submissions from all properties with LIHTC, regardless of funding source.	Due the first day of May each year. This reporting requirement remains in place through the QPP of the property, which may extend beyond the initial 15 year compliance period if an Extended Use Agreement was executed at closing.	This reporting requirement is mandated by Section 42 of the Internal Revenue Code (IRC).	This reporting requirement commences after permanent loan closing and after the property is placed in service, which may either be the year of the closing or the following year, depending upon the election of the developer.	2005 – 129 2006 – 129 2007 – 141 2008 – 129* 2009 – 129*	For MaineHousing financed properties which require Owner/Tenant Certifications (see above) a single submission for both programs is acceptable provided that the submission contains the additional bond required information.



Report	Entities Required to Submit Report	Frequency of Reporting	Statutory Authority	Implementation of Statutory Authority	Number of Filings Received Annually	Actions to Reduce Redundancy
<p><b>Tenant Rental Assistance Certification System (TRACS)</b></p>	<p>All properties that have a project-based, Sec. 8 Housing Assistance Payment (HAP) Contract for which MaineHousing is either the Traditional Contract Administrator (TCA) or the Performance-Based Contract Administrator (PBCA)</p>	<p>Electronic submissions are to be received in the TRACS mailbox no later than the 10<sup>th</sup> of each month. For submissions after the 10<sup>th</sup> of each month, MaineHousing has 20 days in which to process the voucher payment.</p>	<p>This reporting requirement is based on regulations of the Department of Housing and Urban Development (HUD) as found in CFR 24 and as described in HUD Handbook 4350.3, Rev. 1, Change 2 – <i>Occupancy Requirements of Subsidized Multifamily Housing Programs.</i></p>	<p>This reporting requirement commences at the effective date of the Housing Assistance Payment (HAP) Contract and continues through the life of the contract which is not necessarily coterminous with the loan if financed by MaineHousing, HUD, Rural Development or a conventional lender.</p>	<p>2005 – 264 2006 – 264 2007 – 270 2008 – 270* 2009 – 270*</p> <p>*Anticipated: numbers could change due to additional assignments from HUD through the PBCA program or if project-based, Sec. 8 properties choose to terminate their contracts (Opt-Out Option 6).</p>	<p>None.</p>

