



Federal Funds for Affordable Housing



Dale McCormick
Director
March 2007

Table of Contents

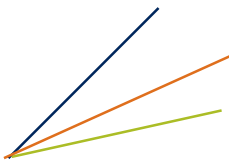
Housing demographics for Maine 2005	2
MaineHousing accomplishments by Congressional District	3
Helping first-time homebuyers	4
Making homes safe and secure	5
Making homes warmer and more energy efficient.....	6
New affordable apartments for working families and people with special needs	7
Managing existing rental housing for low-income families and seniors	8
Housing people who are homeless	9
MaineHousing Board of Commissioners	11
MaineHousing business partners	11



Dear Member of Congress:



Three lines help explain what you need to know about housing issues in Maine. The three lines go like this:



They represent the increases in home prices (top), rents (middle), and income (bottom) over the past five years. They are shown graphically below. Clearly, housing costs have increased significantly more than incomes, making it more difficult for working families to buy a home and for working and low-income households to find affordable rental housing.

Federal funding for housing, in the form of rental assistance, tax credits, grants, and mortgage revenue bonds, helps us address the affordable housing crisis.

Without these tools, we would not be able to create the housing opportunities we did in 2006.

We also made an extra effort to increase the benefit of the federal housing dollars beyond the housing it creates and the significant economic benefit it brings to Maine.

Our new green building standards ensure that new affordable apartment buildings will be 30% more energy efficient and better for the environment than previous housing that we financed.

And new contractor standards create an incentive to provide health

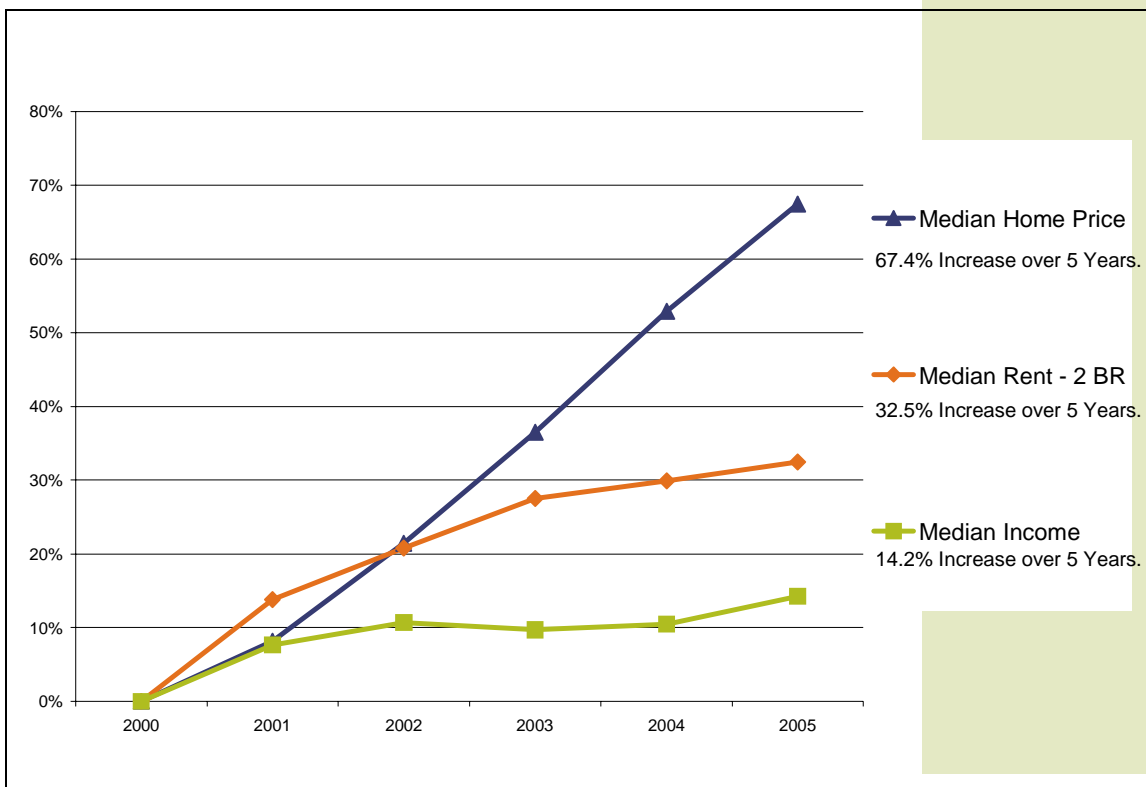
insurance coverage for workers involved in building this housing, increasing the number of Maine workers covered by insurance.

In this way we are getting additional benefits from every federal housing dollar we use to improve housing for Maine people.

I want to thank members of Maine's Congressional Delegation for their support of affordable housing, and for MaineHousing's mission. I look forward to working with you in the coming years to help us provide a better future for Maine people.

Sincerely,

Dale McCormick
Director



Housing demographics for Maine 2005

Characteristics	1 st District	2 nd District	United States
Population Characteristics			
Total Population (2005)	651,227	632,446	288,378,137
Age < 17	142,097 (22%)	134,122 (21%)	73,131,690 (25%)
Age 18-64	419,546 (64%)	406,593 (64%)	180,487,020 (63%)
Age > 65	89,584 (14%)	91,731 (15%)	34,760,527 (12%)
Population below poverty (2005)*	69,681 (10.7%)	92,337 (14.6%)	38,354,292 (13.3%)
Children under 18 below poverty	20,604 (14.5%)	27,629 (20.6%)	13,529,362 (18.5%)
Elderly persons below poverty	8,242 (9.2%)	11,008 (12%)	3,441,292 (9.9%)
Housing Costs			
Median price of homes (2005)	\$219,000	\$135,000	\$219,600
Median household income (2005)	\$48,343	\$37,827	\$46,242
Income needed for median home	\$72,764	\$45,585	\$72,944
% over median income for home**	51%	20.5%	57.4%
Average 2-bedroom rent (2005)	\$925	\$747	\$728
% renters unable to afford average	58.6%	59.1%	50.3%
Housing Characteristics			
Total occupied housing units (2005)	270,935	269,037	111,090,617
% owner and occupied	70%	73%	66.9%
% rented and occupied	30%	27%	33.1%
% year-round housing vacant (2005)	3%	3.3%	7%
% units lacking complete plumbing	0.4%	0.9%	0.44%
% units overcrowded	1%	1.5%	3.1%
Units with cost-burdened residents	80,244	60,085	34,212,301
% of all occupied units	30%	22%	31%
Section 8 Units (Project based)	2,919	2,952	1,404,000

*2005 general poverty guideline for Maine is an annual income of \$19,350 for a family of 4.

** How much more (or less) than the median income is needed to afford the median home.



MaineHousing accomplishments by Congressional District

The chart below summarizes MaineHousing accomplishments in 2006.

Program	District 1 # loans/units	Amount
Homeownership	455	\$69,413,070
Helping homeless people		
<i>Emergency Shelter Grants</i>	19	\$729,015
<i>State funding</i>	19	\$936,895
<i>Rental assistance (federal)</i>	218	\$957,899
Making homes safe, secure		
<i>Lead paint hazard control</i>	34	\$408,000
<i>Home repair</i>	36	\$710,042
<i>Home replacement</i>	5	\$460,166
<i>Elderly home repair</i>	13	\$82,193
<i>Septic repair/replace</i>	5	\$43,238
Energy		
<i>Fuel assistance</i>	15,600	\$9,377,000
<i>Weatherization</i>	500	\$1,700,000
<i>Appliance, light replacement</i>	2,006	\$660,906
Federal rental assistance		
<i>Housing choice vouchers</i>	1,158	\$7,150,920
<i>Multi-family developments:*</i>		
<i>Supportive</i>	1,400	**
<i>Family</i>	4,484	
<i>Senior</i>	3,920	
<i>Senior/family</i>	246	
<i>Total developments</i>	10,050	

*Projects are located in: Alfred, Augusta, Bath, Belgrade, Berwick, Biddeford, Boothbay Harbor, Bowdoinham, Bridgton, Bristol, Brunswick, Buxton, Camden, Cape Elizabeth, Casco, Chebeague Island, Chelsea, Cornish, Damariscotta, Dayton, East Waterboro, Edgecomb, Eliot, Falmouth, Farmingdale, Freeport, Gardiner, Gorham, Gray, Hallowell, Jefferson, Kennebunk, Kittery, Limerick, Limington, Manchester, Monmouth, Naples, New Gloucester, Newcastle, Newfield, North Berwick, North Waterboro, Ocean Park, Old Orchard Beach, Owls Head, Parsonsfield, Peaks Island, Portland, Raymond, Richmond, Rockland, Rockport, Saco, Sanford, Scarborough, Sidney, South Berwick, South Portland, Springvale, Standish, Thomaston, Topsham, Union, Vassalboro, Vinalhaven, Waldoboro, Warren, Waterboro, Wells, West Bath, Westbrook, Windham, Wiscasset, Yarmouth and York.

** Total federal rental assistance in 2006 for developments is \$51,000,000

Program	District 2 # of loan/units	Amount
Homeownership	558	\$59,650,000
Helping homeless people		
<i>Emergency Shelter Grants</i>	21	\$761,140
<i>State funding</i>	21	\$611,425
<i>Rental assistance (federal)</i>	116	\$413,702
Making homes safe, secure		
<i>Lead paint hazard control</i>	81	\$972,000
<i>Home repair</i>	100	\$1,838,469
<i>Home replacement</i>	17	\$1,403,815
<i>Elderly home repair</i>	73	\$386,086
<i>Septic repair/replace</i>	18	\$151,973
Energy		
<i>Fuel assistance</i>	34,400	\$22,274,000
<i>Weatherization</i>	1,800	\$4,700,000
<i>Appliance, light replacement</i>	3,391	\$1,107,809
Federal rental assistance		
<i>Housing choice vouchers</i>	1,790	\$8,363,676
<i>Multi-family developments:*</i>		
<i>Supportive</i>	1,113	**
<i>Family</i>	2,169	
<i>Senior</i>	3,583	
<i>Senior/family</i>	207	
<i>Total developments</i>	7,072	

*Projects are located in: Abbot, Addison, Allagash, Ashland, Auburn, Baileyville, Bangor, Bar Harbor, Belfast, Bethel, Brewer, Brownville, Bucksport, Calais, Canton, Caribou, Charleston, Corinna, Dedham, Deer Isle, Dennysville, Dexter, Dixfield, Dover-Foxcroft, Eagle Lake, Eastport, Ellsworth, Fairfield, Farmington, Fort Fairfield, Fort Kent, Franklin, Fryeburg, Gilead, Greene, Greenville, Hampden, Hinckley, Holden, Houlton, Howland, Indian Township, Islesboro, Lee, Leeds, Lewiston, Lincoln, Lisbon, Lisbon Falls, Litchfield, Livermore Falls, Lubec, Machias, Madawaska, Madison, Mars Hill, Mechanic Falls, Mexico, Milbridge, Millinocket, Milo, Newburgh, Norridgewock, Northport, Norway, Old Town, Orono, Patten, Perry, Phillips, Pittsfield, Poland, Presque Isle, Rangeley, Rumford, South Paris, Sabattus, Sangerville, Searsport, Sedgwick, Skowhegan, South Paris, Southwest Harbor, St. Agatha, St. Albans, Stetson, Stonington, Swans Island, Turner, Van Buren, Veazie, Waterville, West Paris, Wilton, Winslow and Winterport.

Helping first-time homebuyers



In 2006 MaineHousing provided \$134.4 million in home mortgages at an average interest rate of 5.21% to help 1,094 Maine families buy their first home, including 482 borrowers who also used the downpayment and closing cost option at an average benefit of more than \$3,500...

One of MaineHousing's best-known and most popular programs is the First-Time Homebuyer Program, which provides low-interest rate mortgages to low and moderate income families buying their first home.

MaineHousing uses Mortgage Revenue Bonds, which are tax exempt under Internal Revenue Service regulations, to provide financing for the mortgages. This enables MaineHousing to offer the loans at interest rates that are generally 1% or more below conventional rates.

Program options include Maine Assist, a downpayment and closing cost assistance opportunity that MaineHousing finances with state funds and helps buyers with little savings. It also offers a similar kind of downpayment and closing cost assistance option, plus gap financing, through HUD's Maine American Dream Initiative (MADI). MADI may be used with the first-time homebuyer program or other types of financing used by income eligible borrowers.

MaineHousing encourages first-time buyers to take a homebuyer education course to help ensure that their homeownership experience will be a positive one. Some 2006 program highlights:

- Provided 1,094 Maine families the opportunity to own their first home by providing \$134.4 million in mortgage funds at an average interest rate of 5.21%.

- Provided 482 borrowers (44%) with downpayment and closing cost assistance, at an average benefit of \$3,562.

- Helped another 154 borrowers with downpayment, closing cost, and gap financing through the MADI program.

- Provided homebuyer education training to 2,553 potential homebuyers.

- Participated in 37 outreach events, informing approximately 18,000 people about the program and its benefits.

A new initiative, the affordable subdivision program, provided grants of \$300,000 to promote construction of 22 green designed, affordable homes in three new subdivisions.



Making homes safe and secure

Home repair

MaineHousing operates several programs to repair and improve homes of low-income Maine families, making the homes safer and more secure. These efforts include home repair programs and lead paint hazard control. Federal funds provide all or most of the funding for these programs. Program highlights include:

- Completing repairs to 268 substandard homes, a 10% increase over 2005. The repairs included:

- 104 home repairs;
- 20 home replacements for homes too dilapidated to repair;
- 86 elderly hardship grants to make home accommodations for seniors;
- 33 home retro grants to make homes ADA compliant, such as adding ramps or widening doorways, and;
- 25 septic repairs or replacements.

In the past five years, MaineHousing has provided funding to repair nearly 1,000 homes – and about 5,000 Maine homes overall.

MaineHousing initiated a new program in 2006, the Disaster Assistance Loan Program, which can provide lower interest rate home repair or home replacement loans swiftly in the event of a natural disaster.

Lead paint hazard control

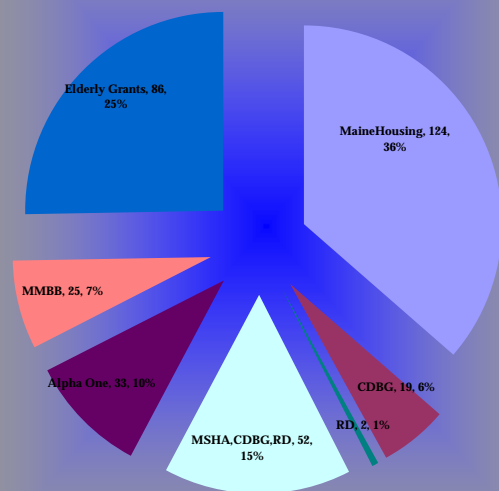
In the second year of a \$3 million three-year federal lead hazard control grant, MaineHousing made 58 homes lead safe and trained 63 more contractors in lead safe building practices.

Combined with previous lead safe grants, MaineHousing efforts now have made more than 500 homes in the state lead safe, and have provided training for over 900 contractors.

MaineHousing funded repairs to more than 250 substandard homes in 2006, a 10% increase over 2005.

The Maine Home Repair network is a collaborative effort among MaineHousing; Maine Municipal Bond Bank; Maine Department of Economic and Community Development (Community Development Block Grants); Rural Development; and Alpha One (funded by MaineHousing to make homes accessible for people with disabilities). Most of the repairs involve federal funds.

**MAINE HOME REPAIR NETWORK
2006 VOLUME BY PROGRAM TYPE**



Home repairs by program

Program	#	(%)
MaineHousing	124	(36%)
MaineHousing elderly	86	(25%)
Maine Bond Bank	25	(7%)
Alpha One	33	(10%)
CDBG	19	(6%)
Rural Development	2	(1%)
MaineHousing, CDBG, RD	52	(15%)

Making homes warmer and more energy efficient

MaineHousing provided heating assistance and emergency heating assistance to more than 50,000 Maine homes in 2005-06.

MaineHousing made changes to the pricing plan that should generate more than 700,000 additional gallons of heating fuel for the same federal dollars in 2006-07.

MaineHousing uses federal funds from two sources – the Department of Energy and the Department of Health and Human Services – for heating assistance and weatherization programs for low-income homeowners. A new program initiated in 2006 uses mortgage revenue bond funds to provide low interest rate weatherization loans to moderate income homeowners. Program highlights include:

- Provided an average of \$678 worth of heating assistance to more than 49,400 homes, plus emergency heating help to more than 3,800 homes, through the federal Low Income Home Energy Assistance Program (LIHEAP).

MaineHousing revamped the LIHEAP payment plan for heating assistance in 2006, a change that will provide more heating assistance to low-income customers for the same amount of federal money in the 2006-07 heating season. MaineHousing expects it will generate 700,000 gallons of additional heating fuel.

MaineHousing expects to serve over 48,500 households with regular LIHEAP benefits this (2006-07) winter, and another 5,000 households with emergency assistance.

- Used federal Department of Energy funds (DOE) to weatherize 841 homes and federal Health and Human Services funds (HHS) to weatherize or replace or repair furnaces in 1,200 homes (some homes received both types of help).

MaineHousing's new Home Energy Loan Program (HELP) provides loans of up to \$15,000 at interest rates as low as 1% (for those using an energy audit) or 3% (for those who don't) for a wide variety of energy improvements.

In its first six months, the program provided more than \$75,000 in loans to six homes, with another 33 homes totaling more than \$443,000 in loans in the pipeline. About half of the borrowers are taking advantage of the energy audits and lower interest rates.



New affordable apartments for working families and people with special needs

Federal housing money provides the source for nearly all new affordable rental housing in the state. MaineHousing uses the federal Low Income Housing Tax Credit program as the major tool for generating new affordable rental housing in Maine. Sometimes the developments also receive federal funds through the federal HOME Partnership Program, from mortgage revenue bonds, or from both. Some 2006 highlights include:

- Awarded more than \$25 million in housing tax credits, \$10 million in housing bonds, and \$7.7 million in state and federal subsidies to create housing that will generate more than 300 new apartments for senior and low income households.

- Completed another previously financed 11 projects that are providing 400 units of affordable rental housing.

- Completed 18 supportive housing developments, creating 100 units for people with special needs or people who are homeless, and awarded another \$2.7 million to create 51 apartments to serve these same populations.

MaineHousing made an extra effort to obtain more benefit from each federal dollar spent on housing. “Green” building standards make new MaineHousing-financed rental housing more energy efficient and environmentally friendly. Contractor standards provide an incentive to offer more workers health insurance.

MaineHousing awarded over \$25 million in federal Low Income Housing Tax Credits, \$10 million in housing bonds, and \$7.7 million in housing subsidy to create 300 new affordable apartment units in 2006.



Walker Terrace in Portland, completed in 2006, is the first MaineHousing project to meet both the contractor and green building standards. It is providing 40 units of affordable rental housing.

Managing existing rental housing for low-income families and seniors

MaineHousing is working with its national organization (National Council of State Housing Agencies) to encourage Congress to approve legislation exempting owners of subsidized rental housing who sell to new owners who will maintain affordability from certain “exit taxes.” This will help maintain the supply of existing affordable housing.

One of MaineHousing’s most important tasks is ensuring that the rental housing it has financed continues to provide decent, safe, and affordable housing for low-income seniors, families, and people with special needs for whom the apartments were intended.

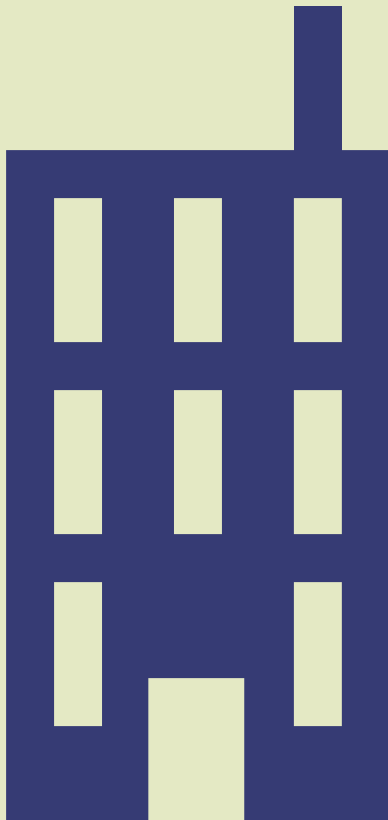
MaineHousing oversees the distribution of millions of dollars in rental assistance to these developments every year through the federal Section 8 program and other federal programs. In 2006 the agency oversaw the management of 783 developments with 17,171 affordable apartments, and distributed over \$50 million in rental assistance to the apartment owners.

Housing Choice Vouchers provide rental assistance to income-eligible households that they can use in privately owned apartments. MaineHousing provided oversight to an average of 3,675 households receiving vouchers each month, and provided \$19 million in rental assistance during the year.

MaineHousing also oversees management of more than 8,000 apartments that were financed through federal Low Income Housing Tax Credit program and are targeted by rent restrictions to lower-income households.

The agency has developed new financing tools to help retain affordable rental housing, including new state tax laws that forgive state “exit taxes” for owners who sell affordable rental property to new owners who pledge to maintain the housing as affordable. MaineHousing is working with its Washington representative, the National Council of State Housing Agencies, to enact similar legislation on a national level.

The agency also has a refinancing program to encourage owners to maintain affordable properties. In 2006 MaineHousing refinanced six developments, resulting in 34 years more of affordability for the apartment occupants.



MaineHousing multi-family housing portfolio

Type	# Projects	# units
Affordable housing subdivision	6	108
Rehab existing rental housing	70	643
Former HUD managed properties	81	2,783
Rural Development	7	111
Tax Credit developments	150	8,515
Section 8/HUD 202	175	5,403
Supportive housing	319	2,162
TOTAL	778	17,021

Housing people who are homeless

Along the continuum of the many housing needs in Maine, people who are homeless rank at the top.

Over the past few years MaineHousing and its partners have adopted a mission of creating more long term and permanent housing for people who are homeless, with the long term goal of eliminating homelessness. Governor John Baldacci has taken the lead in this effort by creating a Statewide Homeless Council and a cabinet level position of Director of Homeless Initiatives.

One step toward reducing homelessness occurred in 2005 with financing of Logan Place, a Single Room Occupancy development serving primarily men who had been chronically homeless. This housing sharply reduced overcrowding at some city shelters in Portland.

A second step came in 2006 with funding for a new development for women who are homeless. When completed, Florence House will serve up to 50 women in different types of settings – an emergency shelter, a transitional setting, and 25 efficiency apartments.

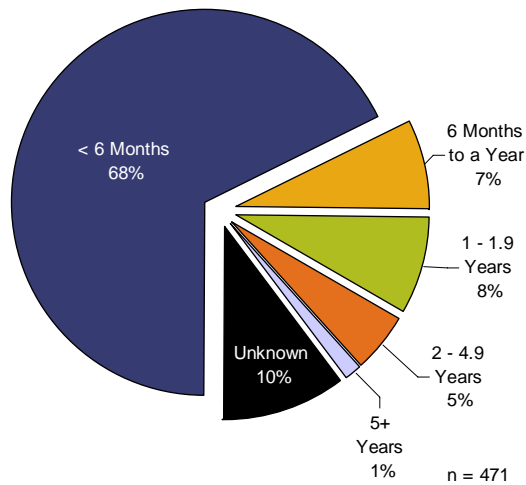
MaineHousing also continues to provide longer term housing and services through the Rental Assistance Coupon Plus (RAC+) program.

In 2006 MaineHousing opened 61 units of permanent supportive housing for people who are homeless, including 21 units for those who are chronically homeless. There were an additional 10 units of transitional housing that opened during the year.

Emergency shelters provided about 240,000 bednights of housing during the year, serving an estimated 8,300 people who were homeless at some point during 2006.

MaineHousing's goal is to create more long term and permanent housing for people who are homeless, eventually eliminating homelessness in the state of Maine.

Length of time homeless



Maine's Point in Time Survey in 2006 identified 798 people homeless on that particular day. The chart at left shows the length of time they had been homeless.

Increasing the value of federal housing funds

MaineHousing made an extra effort in 2006 to increase the value of each federal housing dollar by encouraging more energy efficient housing, more workers covered by health insurance, more heating oil for the same money, and other initiatives.

Capital Village in Augusta, a tax credit financed development with solar panels on the community room roof to reduce energy operating expenses.



Federal housing funds play a critical role in MaineHousing's efforts to create affordable housing for Maine people.

Without mortgage revenue bonds, the federal low-income housing tax credits, federal HOME Partnership grants and other grants, heating and weatherization funds, and rental subsidies, it would be impossible for MaineHousing to respond to needs of first-time homebuyers, low-income owners of homes in need of repair, low income family and senior renters, people with special needs, people who are homeless, and people who need help heating their homes.

These same funds play a major role in supporting Maine's economy. A recent study indicated that MaineHousing stimulates over \$250 million in investment to Maine's economy every year through its housing initiatives.

MaineHousing made an extra effort in 2006 to increase the value of each federal housing dollar by adding other benefits. Some examples include:

- Adopted Contractor Standards. These provide an incentive to offer more workers health insurance, ensure outreach to women and minorities, and ensure on-the-job training.
- Provided solar grants to two tax credit funded developments. The grants paid for solar roof panels that will provide lights and run the laundry facilities in the community rooms of the two projects, plus provide some outside lighting. MaineHousing plans to monitor the cost effectiveness of the systems.
- Organized a Green Home Design contest to encourage designs of affordable, green, energy efficient single family homes. The winning designs have been displayed throughout the state and are published in a book that MaineHousing has available on its website at www.mainehousing.org.
- Amended the LIHEAP payment plan to reduce the cost of heating oil to customers, resulting in an estimated 700,000 additional gallons of heating fuel this winter for low income Maine families.
- Adopted Green Building Standards. These increase the energy efficiency in MaineHousing funded rental properties by 30%, and make them better for the environment.
- Met the Governor's Carbon Challenge by reducing greenhouse gas emissions by 10% at the MaineHousing office. Steps included installation of solar panels to provide part of the electric needs of the office, flex time to reduce commuting, installation of motion sensor lighting, and extensive recycling.

MaineHousing Board of Commissioners

Donald H. Gean, Executive Director of York County Shelter Programs, Inc.

Sheryl Gregory, real estate broker with Homestead Realty in Winthrop.

Elizabeth Horning, resident of Richmond Terrace who works for the Isaac Umberhind Library.

Carol Kontos, Associate Professor of English at the University of Maine at Augusta.

David G. Lemoine, Treasurer of the State of Maine.

Dale McCormick, Director of MaineHousing and Chair of the Board.

John Sevigny, Vice-President and CEO of First Allied Realty Associates of Portland.

MaineHousing business partners

Senior Underwriters:

Bear, Stearns & Co., Inc.
UBS Financial Services, Inc.

Co-managers:

CitiGroup
A. G. Edwards
Merrill Lynch & Co.
Goldman Sachs & Co.

Bond Counsel:

Hawkins, Delafield & Wood

Trustee:

U.S. Bank, N.A.

Independent Auditor:

Baker Newman & Noyes, LLC

Marketing Consultant:

Lapchick Baron

Maine State Housing Authority (“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: Jodie Stevens, 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).

