

MAINE CONSOLIDATED PLAN

Five Year Plan: 2005-2009

2005 Action Plan

Maine Department of Economic and Community Development
Maine State Housing Authority

November 2004

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Executive Summary

This document represents Maine's Five-year Consolidated Plan and its Year 2005 Action Plan. It has been drafted during a period in which Maine's economy has been growing at a moderate rate but job growth has been lagging. The strongest sector for retail sales has been building supplies. The housing sector has been a very important factor in Maine's economy. According to the State Planning Office (SPO), housing permits have been extremely strong in 2004, reaching 1,015 in June, more than in any month during the economic boom of the late 1980s. SPO also reported that sales of existing homes are up 14 percent in the first quarter of 2004 compared to the same period in 2003. Over the same period, home sale prices rose by 11.3 percent.

What is most interesting is what was the state of Maine's economy and housing five years ago. Maine's housing and economic environment were going through dramatic shifts. In some areas of the state, jobs were increasing, the housing market was hot, and the demands of special need populations were growing. In other areas of the State, the market was cold, people were leaving because of lack of work, and communities were experiencing substantial disinvestment. Five years ago, Maine's:

- Unemployment rate was 3.5% compared to 4.2% this past summer (Maine Department of Labor);
- Average hourly earnings was \$13.50, it has increased to \$15.56 (Maine Department of Labor);
- Maine's homeownership was sixth in the country at 74.6%, now dropping to eleventh in the nation at 73.9% (U.S. Census);
- Median family income of \$33,700 ranked Maine 11th from the bottom, today its \$37,240 ranked 13th from the bottom in the nation (U.S. Census);
- Ten years ago the homeownership affordability index was at 1.10%, after five years it slipped to 98%, suggesting affordability problems were increasing, and in 2003 the index decreased to 81%;
- Building permits totaled 6,300 and in 2003 they were up to 7,933 (U.S. Census);
- In 2000, housing stock was the 14th oldest in the nation for all homes, 20th for owners, and 6th for renters (U.S. Census);
- Homeless bednights were at 176,340 at the end of 1999, they increased to 228,673 by the end of 2003;
- Almost 40,000 rental households were receiving assistance and today there are 41,305 being subsidized; and
- Renter households in need were around 64,000 and today are in excess of 90,000 households (U.S. Census).

Many Maine communities have suffered from the impacts of layoffs or plant closures as companies in a wide range of industries scaled back operations or closed as a result of declining demand for their products or services. Paper company reductions in production or closures have affected many communities. Job losses during recent years have also been experienced in the manufacturing of textile and leather products, and in computer and

electronic components. Low mortgage interest rates have helped to increase the level of construction in recent years.

Maine home prices have been increasing faster than incomes. Southern and coastal real estate prices are increasing at rates way beyond the capacity of many working families and low-income first-time homebuyers. The amount of subsidized housing available in Maine does not meet the need from low-income seniors and families. There is an increasing need for subsidized housing to serve populations with special needs, such as mental health consumers or physically challenged individuals. One of Maine's greatest challenges ahead is maintaining existing subsidized housing as federal subsidy contracts expire and subsidized housing potentially can be converted into market rate units.

Lack of affordable housing has also led to sprawl as people have been forced to commute from less expensive housing areas. Workforce housing initiatives are becoming more common in order to address the needs of average residents such as a fireman, teacher or nurse who are being forced to commute from outside the communities where they are employed.

There are levels of housing need in all parts of Maine. The needs are regionally different and solutions are being developed to acknowledge those differences. MSHA has been meeting with diverse groups to discuss the impact the lack of affordable housing, rental and homeownership, has on the local and surrounding communities' economic health. Stressed is the fact that the lack of affordable housing impedes economic growth. Housing is also promoted as a critical component of economic growth planning.

This plan will identify the economic, community and housing needs, and program strategies for meeting them. MSHA and DECD look forward to continued coordination of programs to meet these goals and will involve other partners to leverage resources. Additional data to support and compliment the Housing Need Assessment and Housing Market Analysis are provided in Appendix H.

Housing Need Assessment

Public Input

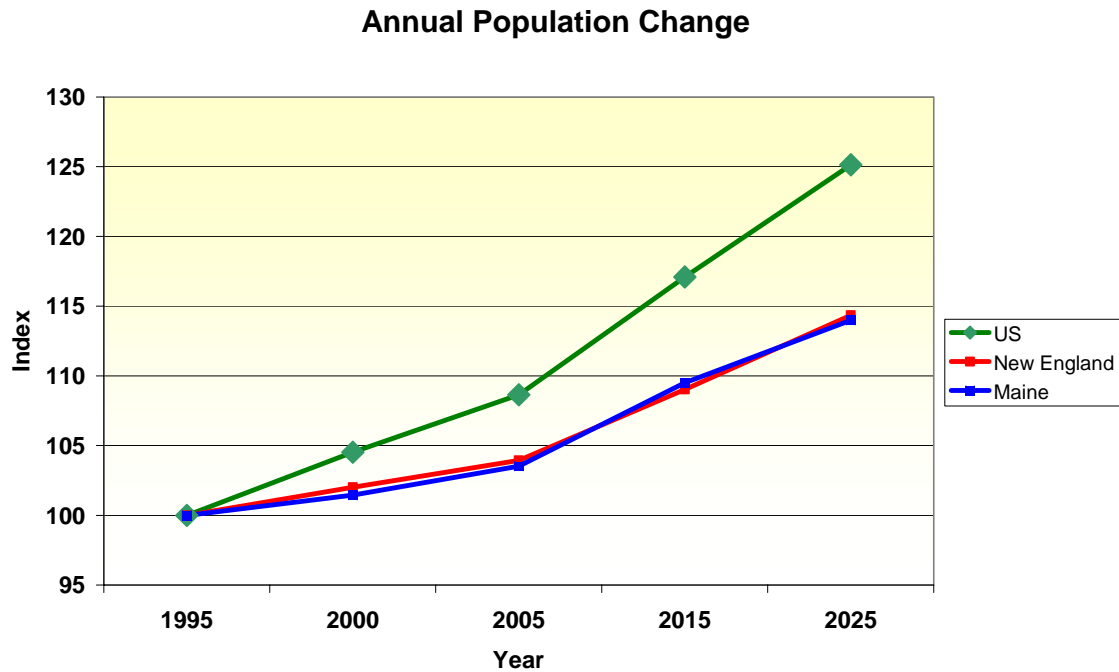
Appendix B includes the Citizen Participation findings. Six Public Forums were held in various locations including Westbrook, Augusta, Presque Isle, Ellsworth, and Bangor. The following is a summary of housing needs by forum region:

- **Westbrook**
Section 8 cuts, increased housing costs along the coast adversely affecting special needs housing, lack of affordable housing impeding economic growth, overpopulated Portland homeless shelters, multifamily and other rental housing needs
- **Augusta**
Maine's high homeownership rate and related needs for home repairs, workforce and elderly housing affordability problems in western Maine, disabled population needs for home modifications and homeownership support, well and septic assistance
- **Bangor**
Homeownership opportunities for the disabled, low-income people with special needs living in substandard homes in rural areas, lack of services in rural areas drawing people to service centers, funds needed for home modifications like ramps
- **Ellsworth**
Workforce housing needs in region, municipalities work closer with housing developers, sprawl, opportunities to acquire unused Department of Defense housing in region, Maine Housing Tax Increment Financing support for communities, multi-community regional uses of CDBG funds, Maine Home Repair Network expansion
- **Presque Isle**
Funds for multi-family rental rehabilitation, state consideration of northern Maine lower incomes and lower valued homes, insurance unaffordable to low-income homeowners, increased funding for home repair network, higher fuel costs causing more unmet needs for home repair and weatherization, Presque Isle area needs for assisted living and elderly housing development, northern Aroostook needs for services to accompany assisted living housing, shortage of assisted living housing in Van Buren, provide accessibility modification funds for the disabled to remain in their homes, large backlog of home rehabilitation projects due to under funding

Demographic Trends

Maine's population has been growing slowly and older. According to the State Planning Office, during the 1990s Maine experienced six years of out migration and the lowest number of births ever recorded.

The following graph shows that Maine's annual population change mirrors New England's and remains below the country through the year 2025 population projections.



Source: 2000 Census

The 2003 Maine population by gender chart shows the increasing disproportion of females as the population ages. Seventy-two percent of Mainers 85 and over are female. There is a near equal split of males and females from birth through 64 years.

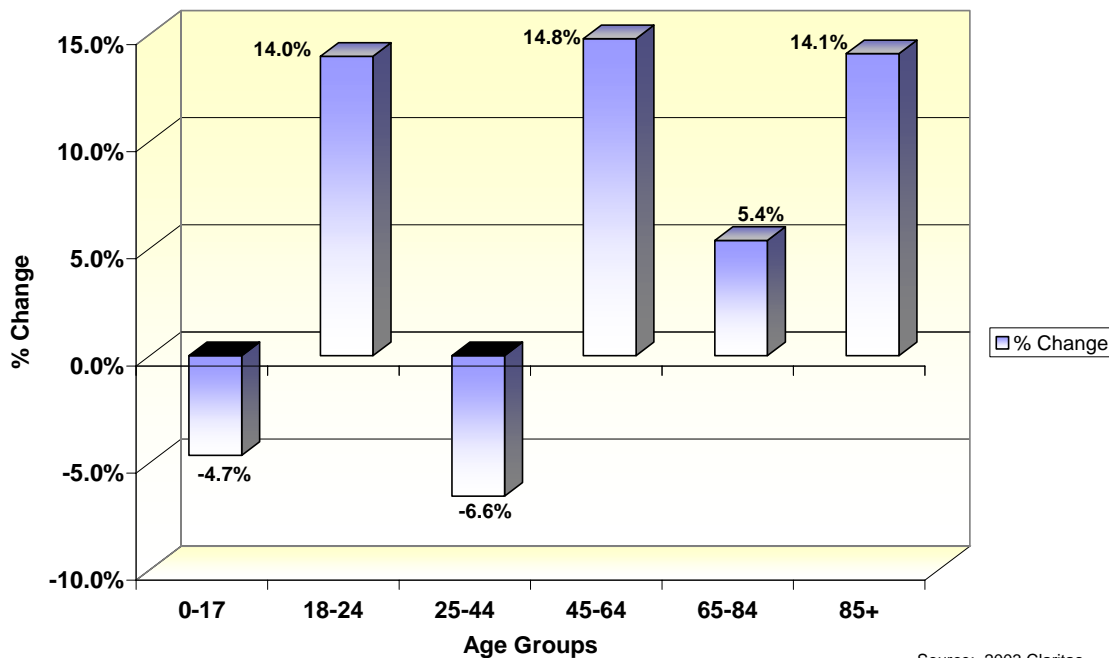
2003 Population Breakdown by Gender					
Age	Male	Female	Both	% Female	% More Female
0-17	149,804	144,400	294,204	49.1%	-0.9%
18-24	60,361	56,068	116,429	48.2%	-1.8%
25-44	170,794	177,946	348,740	51.0%	1.0%
45-64	171,010	176,927	347,937	50.9%	0.9%
65-84	71,722	92,053	163,775	56.2%	6.2%
85+	8,309	21,023	29,332	71.7%	21.7%
Total	632,000	668,417	1,300,417	51.4%	1.4%

Source: 2003 Claritas

In reviewing the projected changes in Maine's age groups several shifts may be noted.

- Births rates are expected to decline.
- A 14 percent growth rate is anticipated among the 18-24 year olds possibly increasing the demand for rental housing.
- The 25-44 group is shown as experiencing a negative growth rate.
- There 45-64 year old group will experience close to a 15 percent growth rate.
- The frail elderly over 85 years old will grow at a 14.1 percent rate. The projected change in the previous Consolidated Plan for this group was for them to experience only a 2.3 percent growth rate in 2002.

Projected Change in Maine Age Groups: 2003 to 2008



Household Characteristics: Shifts in age have a direct impact on the rate of household formation. The prime periods for household formation occur between the ages of 24-35. During this period, a family is just beginning, and will probably be renting. As the family ages towards 35, they may begin having children and purchasing their first home. As the households age and grow larger, a trade-up in housing is likely. As the children age and move out of the house, the household may consider trading down to a smaller home as they prepare for retirement. As household members age further, they may consider adapting their home to meet physical requirements, moving to a congregate care situation, or ultimately to an assisted living facility.

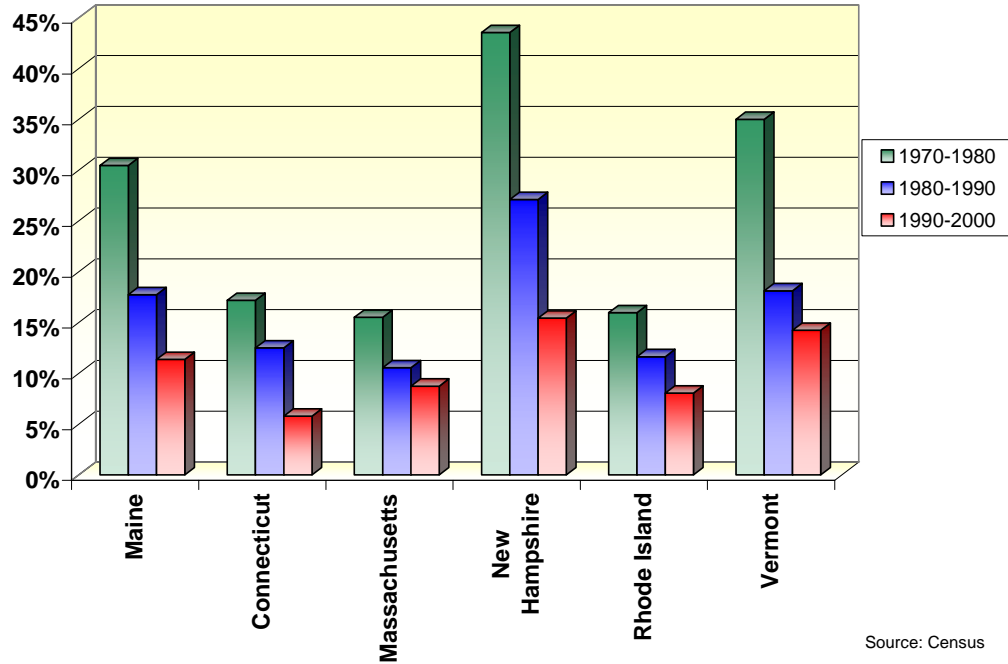
Maine and New England have seen a shift in household growth as shown in the following chart.

	Household Change: 1970-2000			
	1970	1980	1990	2000
Maine	302,923	395,184	465,312	518,200
Connecticut	933,269	1,093,678	1,230,479	1,301,670
Massachusetts	1,759,692	2,032,717	2,247,110	2,443,580
New Hampshire	225,378	323,493	411,186	474,606
Rhode Island	291,965	338,590	377,977	408,424
Vermont	132,098	178,325	210,650	240,634

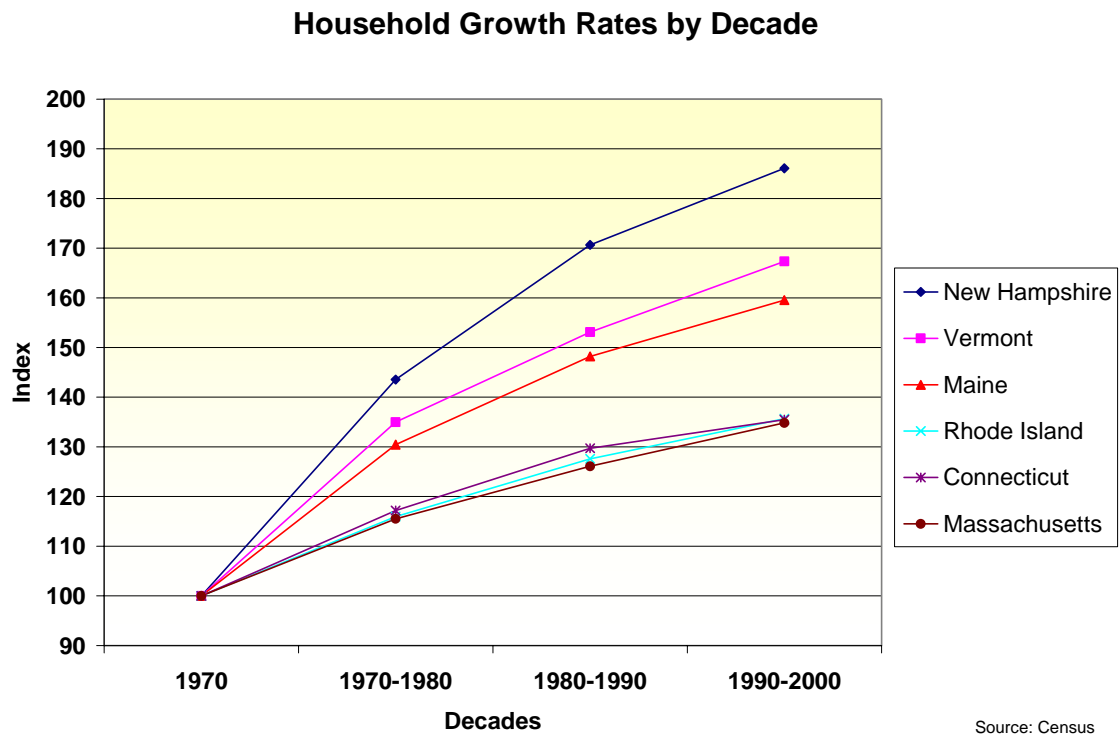
Source: Census

Between 1970 and 2000 the number of households in Maine increased by 215,277. The largest increase was during the 10 year period between 1970 and 1980. Maine experienced the second largest percentage increase in households after Vermont from 1990 to 2000.

Household Growth Rates by Decade

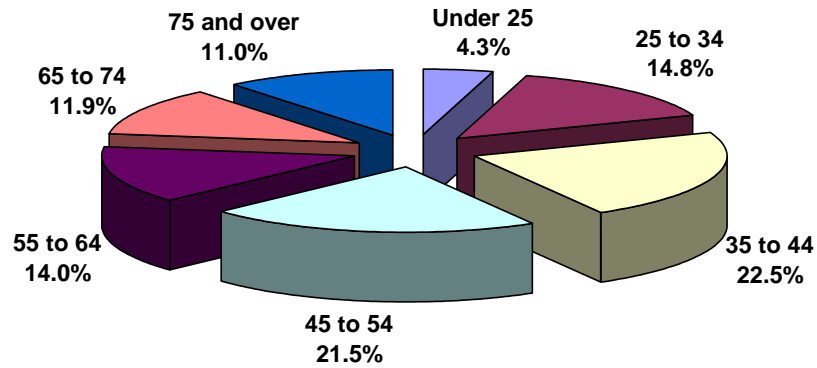


As shown in the index chart below, Maine, Vermont, and New Hampshire experience much higher growth rates than Rhode Island and Massachusetts.



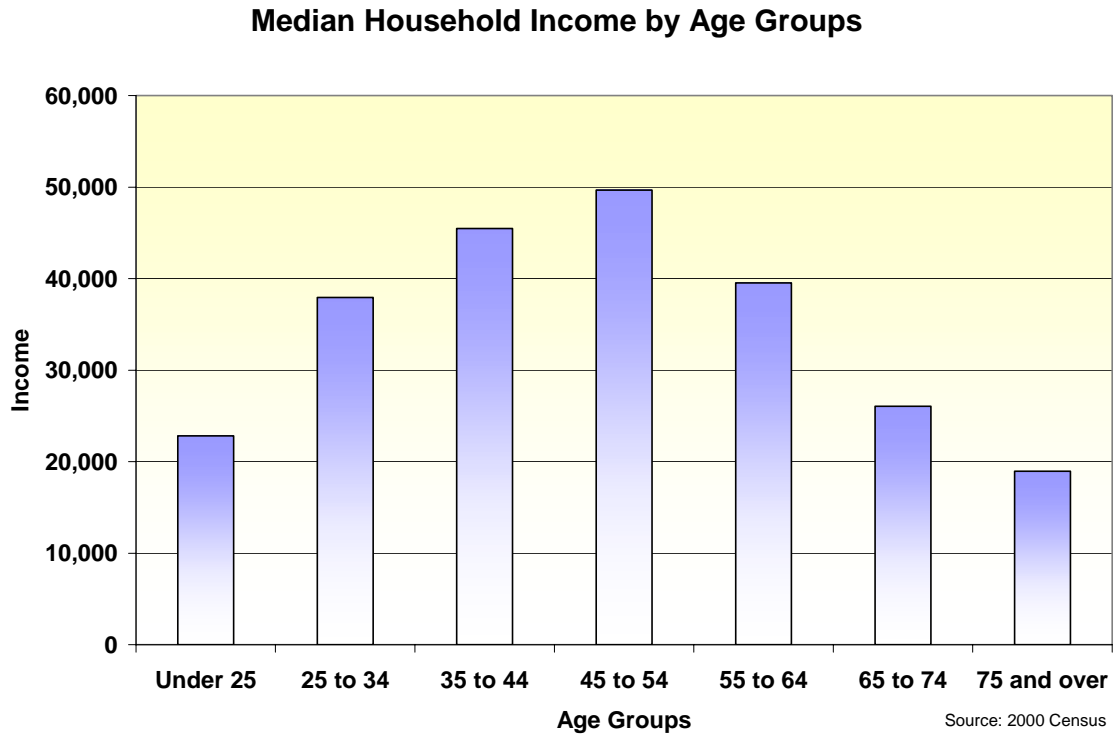
There are over 500,000 households in the state of Maine. The largest group is the baby boomers ages 35 to 54. They will begin impacting the senior age groups soon.

2000 Households by Age Group

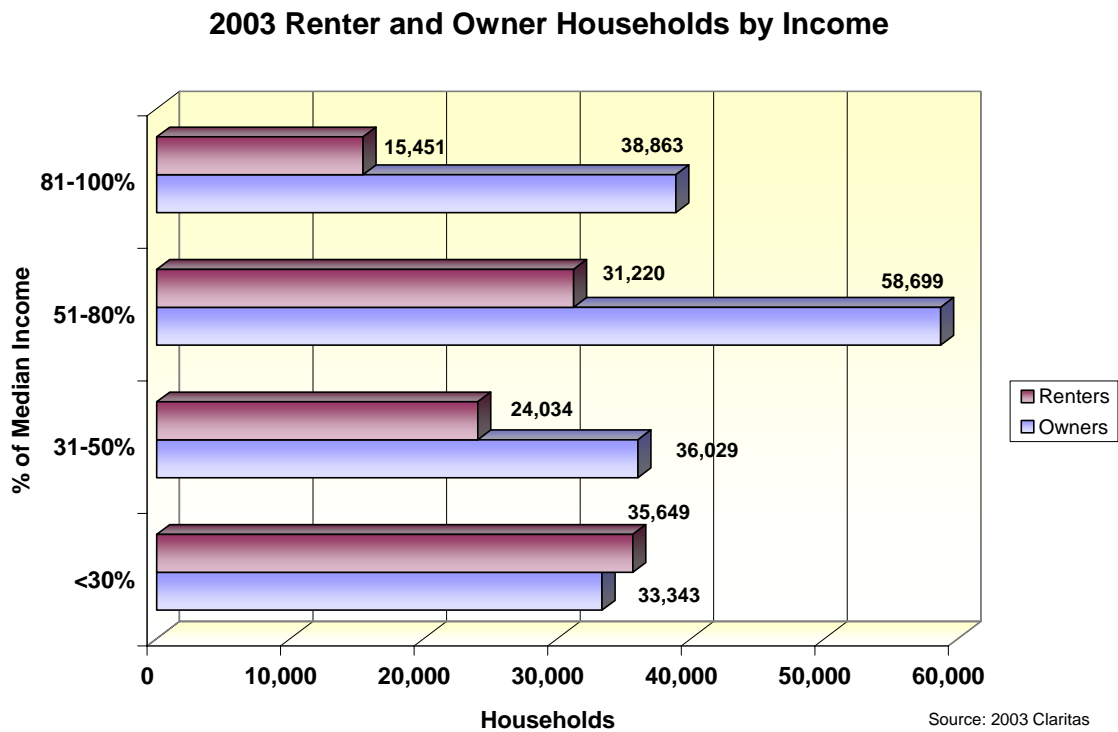


Source: 2000 Census

The following chart shows the 2000 median household income for Maine age groups. Incomes continue to increase through age 54. Decisions such as when to rent or purchase a home including the size of the home are often made with consideration of these factors.

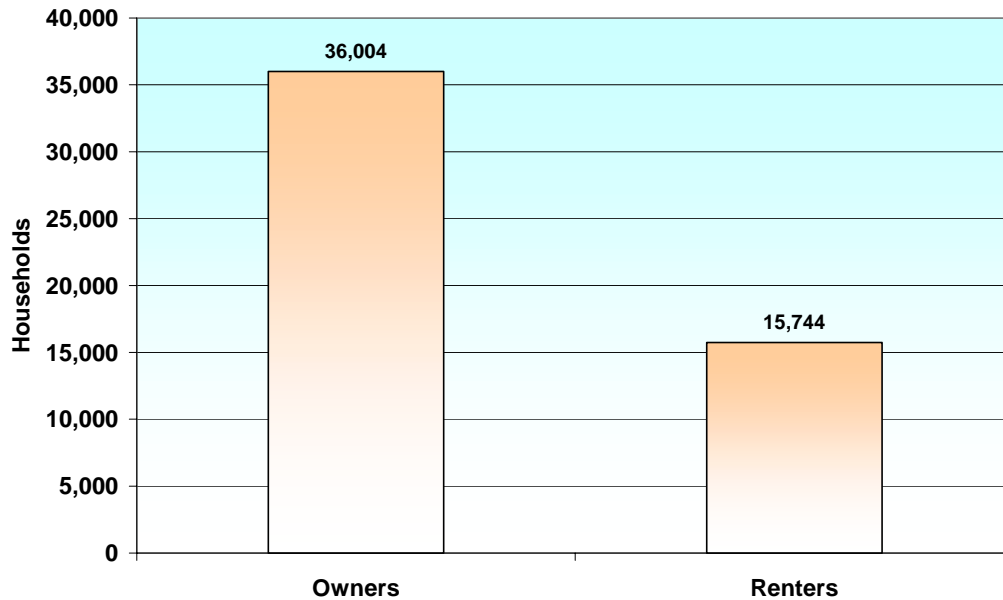


More than 270,000 households in Maine are at or below median income. Forty-eight percent are below 50 percent median income. There are 60,000 more owner households than renter households among the 270,000. There are 69,372 owners below 50 percent median income that are considered lacking adequate income and may be living in substandard housing.



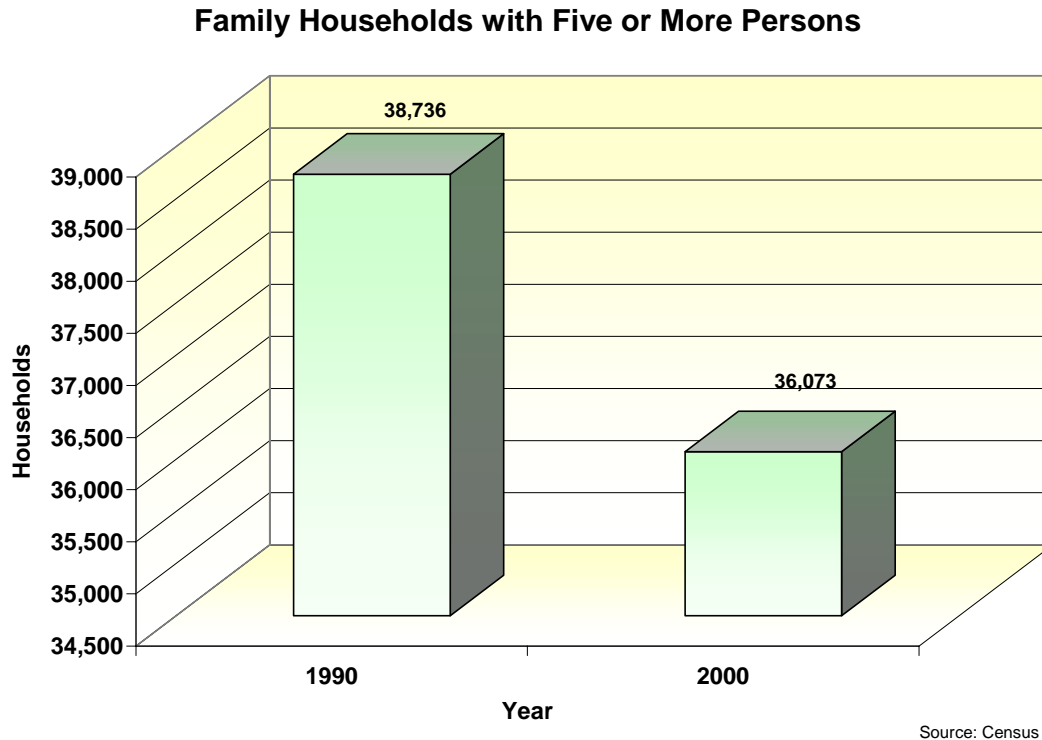
Senior citizens in Maine have a high homeownership rate. Eighty percent of those persons 65 years or older own their own home. Fifty-six percent of them live in rural areas. Over 15,000 elderly homeowners meet the poverty threshold to receive home energy assistance. Over 69 percent of the poorest seniors are homeowners. Sixty-six percent of all senior households are renters below 50 percent median income. Energy assistance and home repairs are two of their greatest needs.

2003 Senior Households at <50% of Median Income



Source: 2003 Claritas
Definition: Seniors are \geq to age 65

In Maine over 36,000 family households have five or more persons. That is down from 1990, decreasing by 2,663. The concern for overcrowding and large families increases when low-income families are considered.



Special Population Groups

Special population groups generally require housing that is unique to their needs. These groups include persons with mental illness, mental retardation, persons with physical disabilities, persons with HIV/AIDS, persons who are homeless, large families, and children.

There are an estimated 676 people who are homeless on any given night in Maine. According to Maine's 2004 Continuum of Care Homeless Assistance Application, homelessness in Maine increased significantly in the 1990s. Homelessness increased by 69 percent from 1993 to 2000 according to data collected by MSHA on a monthly basis. MSHA's shelter bed occupancy data for 2003 and 2004 reveal that the number of stays for homeless persons continues to increase. More than two-thirds of them entered the system for the first time. Therefore, nearly one-third re-enter the homeless system numerous times throughout the year.

Reasons for homelessness are numerous. The following table shows a change from 1999 to 2003 in the primary reason from substance abuse to relocation to the area. Participants at Consolidated Plan development public forums during 2004 stated that homeless and other persons in rural areas of Maine are moving to urban centers where more services are available. The high cost of housing and children of homeless families are two reasons for homelessness of great concern.

Reasons for Homelessness			
Reason	March 2003	March 1999	Change
Relocation to Area	16.1%	5.6%	10.5%
Substance Abuse	15.4%	17.6%	-2.2%
Housing Costs Too Much	13.9%	11.9%	2.0%
No Job	13.1%	11.0%	2.1%
Family Conflict	11.8%	8.8%	3.0%
Mental Health	11.5%	10.4%	1.1%
Violence in the Household	5.7%	3.0%	2.7%
Child of Homeless Family	3.1%	0.0%	3.1%
Discharged from an Institution	3.1%	0.0%	3.1%
Transient	2.3%	1.5%	0.8%
Runaway/Throwaway Youth	2.0%	1.8%	0.2%
Illness	1.2%	0.0%	1.2%
Seasonal Jobs	0.8%	0.8%	0.0%
Source: MSHA Biannual Homeless Survey			

The following chart presents 2000 housing problems for the mobility and self care limited. The definition for this group is that it includes all households where one or more persons has 1) a long-lasting condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than six months that creates difficulty with dressing, bathing, or getting around inside the home. Nineteen percent of Maine households include persons with mobility or self care limitations. Twenty one percent of rental households and 18 percent of owner households include persons with mobility or self care limitations. The definition of housing problems reported in the chart covers households with cost burden greater than 30 percent of income and/or overcrowding and/or without complete kitchen or plumbing facilities.

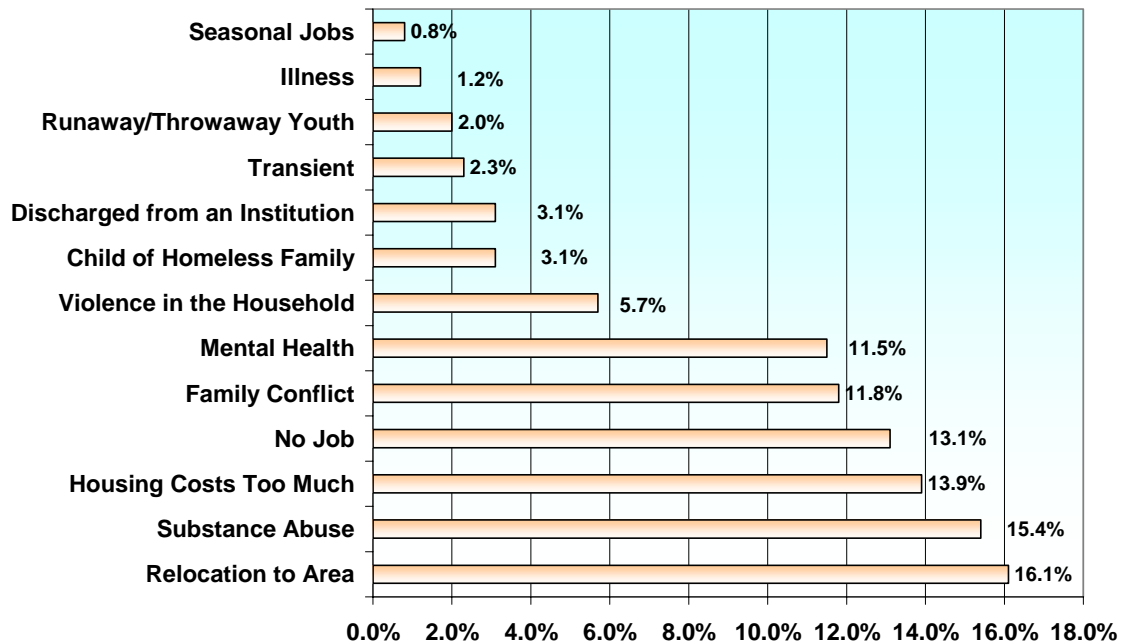
2000 Housing Problems for the Mobility and Self Care Limited									
	Renters				Owners				Total
	Extra Elderly	Elderly	All Other	Renters	Extra Elderly	Elderly	All Other	Owners	Households
Income <=30% MFI	2,970	2,250	6,730	11,950	2,550	1,980	4,295	8,825	20,775
% with any housing problems	52.0%	51.8%	68.6%	61.3%	74.1%	75.5%	80.3%	77.5%	68.2%
Income >30 to <=50% MFI	2,800	1,640	3,645	8,085	3,750	2,975	4,135	10,860	18,945
% with any housing problems	40.0%	37.5%	67.4%	51.8%	39.2%	45.5%	65.4%	50.9%	51.3%
Income >50 to <=80% MFI	1,445	950	3,390	5,785	4,250	3,480	6,885	14,615	20,400
% with any housing problems	29.4%	23.7%	26.3%	26.6%	15.3%	23.0%	42.9%	30.1%	29.1%
Income >80% MFI	1,160	599	3,910	5,669	5,470	6,520	22,195	34,185	39,854
% with any housing problems	16.8%	2.3%	5.5%	7.5%	5.9%	10.4%	12.3%	10.9%	10.4%
Total Mobility/Self Care Limited	8,375	5,439	17,675	31,489	16,020	14,955	37,510	68,485	99,974
% with any housing problems	39.2%	37.1%	46.3%	42.8%	27.0%	28.9%	31.5%	29.9%	34.0%
Total Maine Households	148,829				377,508				526,337
% with Mobility/Self Care Limitations	21.2%				18.1%				19.0%
Source: 2000 CHAS/2000 Census									
Definitions:									
Extra Elderly: 1 or 2 Member households, either person 75 years or older.									
Elderly: 1 or 2 Member Households, either person 62 to 74 years.									
Mobility or Self Care Limitations: This includes all households where one or more persons has 1) a long-lasting condition that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home.									
Any housing problems: cost burden greater than 30% of income and/or overcrowding (with 1.01 or more persons per room) and/or without complete kitchen or plumbing facilities.									
Cost Burden: Cost burden is the fraction of a household's total gross income spent on housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage payment, taxes, insurance, and utilities.									
Renter: Data do not include renters living on boats, RVs or vans. This excludes approximately 25,000 households nationwide.									

Youth housing needs are most apparent when their reasons for homelessness are considered. Relocating to areas where shelters and services are available are a major reason shown on the reasons for youth homelessness chart on the following page. Other reasons for homelessness include:

- Substance Abuse
- Housing Costs Too Much
- No Job
- Family Conflict
- Mental Health
- Violence in the Household
- Child of Homeless Family
- Discharged from an Institution
- Transient
- Runaway/Throwaway Youth
- Illness
- Seasonal Jobs

Family conflict, which was the major reason for youth homelessness reported in 1999, became the fifth greatest reason for homelessness in 2003. High housing costs rose from the fifth greatest reason for homelessness in 1999 to the third major reason reported in 2003.

Reasons for Homelessness - Sheltered Youth March 2003



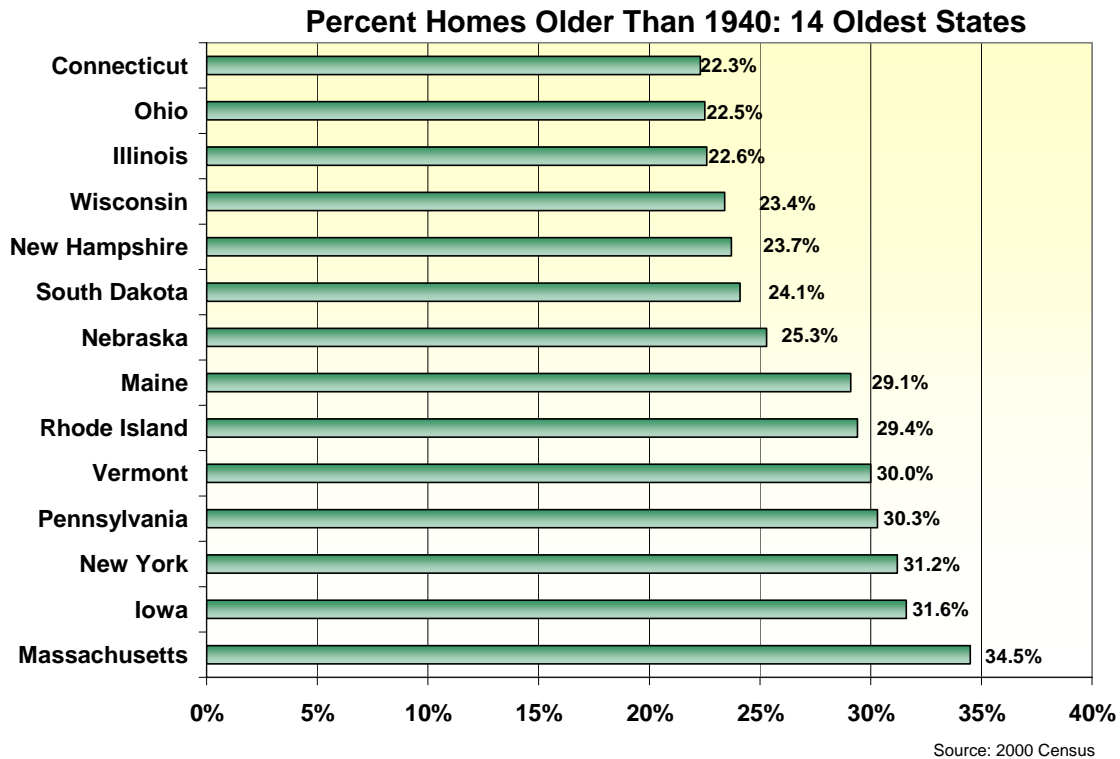
Source: MSHA March 2003 Biannual Homeless Survey
Definition: Youth are <18

MSHA's March 2003 Biannual Homeless Survey reveals the following reasons for homelessness:

Reasons for Homelessness by Accompanied and Unaccompanied Youth March 2003		
Reason	Unaccompanied	Accompanied
Family Conflict	30.7%	16.5%
Runaway/Throwaway Youth	16.2%	0.0%
Substance Abuse	12.0%	0.4%
Discharged From an Institution	9.5%	0.0%
Violence in the Household	9.1%	17.7%
Mental Health	7.5%	1.3%
Housing Costs Too Much	5.0%	16.9%
No Job	4.6%	6.9%
Transient	1.7%	0.9%
Child of Homeless Family	1.2%	30.3%
Relocation to Area	1.2%	8.7%
Illness	0.8%	0.0%
Seasonal Jobs	0.4%	0.4%
Source: MSHA March 2003 Biannual Homeless Survey		
Definition: Youth are <18		

Condition of Housing

The condition of Maine's housing stock is also influenced by its age. Maine has the 14th oldest housing stock in the nation (2000 Census), but the rental housing stock is the 6th oldest (the owner housing stock is 20th). As the chart below indicates, Maine has the 7th oldest stock in terms of the percent of homes older than 1940. Adverse conditions may include outdated heating systems, inadequate plumbing, electrical systems, insulation, structural decay, inadequate accessibility design, and lack of appropriate health and safety systems.



Older houses often have lead-based paint. In the table below, the number of low-income households likely to be living in housing with lead-based paint conditions are identified. Over 63,000 housing units have lead-based paint problems. Seventy-seven percent are owner occupied and 23 percent are renters.

Estimated Households with Lead-Based Paint			
Age of Structure (year built)	Number of Low-Income Households	Percent with Lead-Based Paint	Number Estimated with Lead-Based Paint
Renters			
Pre-1940	32,106	89%	28,574
1940-1959	14,231	56%	7,969
1960 - 1979	24,002	10%	2,400
Total Renters	70,339		38,944
Owners			
Pre-1940	31,878	52%	16,619
1940-1959	18,449	33%	6,082
1960 - 1979	29,920	6%	1,835
Total Owners	80,247		24,536
Total	150,586		63,480
Sources: 2000 Census, The Prevalence of Lead-Based Paint Hazards in U.S. Housing: March 2002			
Definition: Low-income households are those households making 80% or less than the area median income in Maine (\$29,792 per 2000 Census).			
Calculation: Number Estimated with Lead-Based Paint is calculated by multiplying the Number of Low-Income Households by the Percent with Lead-Based Paint (percent from The Prevalence of Lead-Based Paint Hazards in U.S. Housing: March 2002 study, factored by Age of Home and tenure status [renters vs. owners]).			

Housing Market Analysis

Renters Needing Assistance

Maine defines renters who need assistance as families and seniors (65 years and older) whose households makes 50 percent of median income or less. They are likely to be rent burdened and spend more than 30 percent of their income on housing. As shown in the chart below, there are a total of 22,317 family rental housing units needed.

2004 Renters Needing Assistance						
	Rental Households:				Total Rental	
	<50% Median Income		Subsidized Units		Housing Need (units)	
Housing Market	Senior	Family	Senior	Family	Senior	Family
Augusta	843	2,987	653	1,481	190	1,506
Bangor	1,238	4,747	1,245	2,572	-7	2,175
Bath/Brunswick	823	2,405	765	1,162	58	1,243
Belfast	208	690	212	252	-4	438
Biddeford	1,160	2,935	684	1,002	476	1,933
Boothbay Harbor	161	352	101	149	60	203
Bucksport	73	301	42	218	31	83
Calais	151	341	206	81	-55	260
Dexter/Pittsfield	189	626	258	232	-69	394
Dover-Foxcroft	140	341	221	168	-81	173
Ellsworth/Bar Harbor	384	1,157	573	315	-189	842
Farmington	285	1,119	445	423	-160	696
Fort Kent	110	238	179	167	-69	71
Greenville	43	65	69	22	-26	43
Houlton	199	415	291	196	-92	219
Jonesport/Milbridge	77	159	150	55	-73	104
Kittery/York	426	1,180	230	237	196	943
Lewiston/Auburn	1,728	4,259	1,529	2,513	199	1,746
Lincoln/Howland	84	255	147	95	-63	160
Machias/Eastport	149	369	307	195	-158	174
Madawaska	124	201	196	43	-72	158
Millinocket/East Millinocket	127	287	208	80	-81	207
Norway/Paris	224	569	356	321	-132	248
Outer Bangor	72	267	101	29	-29	238
Patten/Island Falls	37	77	76	15	-39	62
Portland	3,594	10,024	3,444	5,987	150	4,037
Presque Isle/Caribou	551	1,210	790	880	-239	330
Rockland	542	1,405	495	620	47	785

2004 Renters Needing Assistance						
	Rental Households:				Total Rental	
	<50% Median Income		Subsidized Units		Housing Need (units)	
Housing Market	Senior	Family	Senior	Family	Senior	Family
Rumford	280	737	278	411	2	326
Sanford	450	1,318	380	791	70	527
Sebago Lakes Region	155	630	195	176	-40	454
Skowhegan	304	825	212	391	92	434
Stonington	97	261	106	36	-9	225
Van Buren	46	128	107	157	-61	-29
Waterville	659	1,790	521	879	138	911
Statewide	15,734	44,668	15,772	22,351	-38	22,317
Sources: 2004 Claritas and HUD, MSHA, Rural Development and local housing authorities (LHA)						
Definitions:						
Seniors are households \geq to age 65, Families are households <65 .						
Total Rental Housing Need (units) is the difference between subsidized housing units and section 8 vouchers subtracted from the count of renters at $<50\%$ of the area median income (AMI).						

In many communities rents are rising faster than incomes. Demand is also making it increasingly difficult to find an affordable apartment. Increasing rental costs may make it impossible for the average wage earner to afford housing and is one of the reasons for Maine's increased homelessness. In many communities rental vacancy rates are well below the 5% considered a sign of a healthy market. In the following table assisted rental units needed are sorted by greatest community need. In the second column, the assistance needed for a household making 50% of median income or less is identified.

2004 Rental Affordability by Area of Greatest Unit Need		
Housing Market	Total Rental Housing Need (units)	More Monthly Income Needed at 50% Median Income
Portland	4,187	\$347
Biddeford	2,409	\$241
Bangor	2,168	\$234
Lewiston/Auburn	1,945	\$184
Augusta	1,697	\$99
Bath/Brunswick	1,301	\$237
Kittery/York	1,139	\$510
Waterville	1,048	\$197
Rockland	832	\$249
Ellsworth/Bar Harbor	653	\$265
Sanford	597	\$334
Farmington	536	\$165
Skowhegan	526	\$160
Belfast	434	\$268
Sebago Lakes Region	413	\$267
Rumford*	328	\$146
Dexter/Pittsfield*	326	\$67
Boothbay Harbor	263	\$315
Stonington	216	n/a
Outer Bangor	209	n/a
Calais	206	\$215
Millinocket/East		
Millinocket	126	\$81
Houlton	126	n/a
Norway/Paris*	116	\$147
Bucksport	113	n/a
Lincoln/Howland	97	n/a
Dover-Foxcroft*	92	\$176
Presque Isle/Caribou	91	\$77
Madawaska	86	n/a

2004 Rental Affordability by Area of Greatest Unit Need		
Housing Market	Total Rental Housing Need (units)	More Monthly Income Needed at 50% Median Income
Jonesport/Milbridge	31	n/a
Patten/Island Falls	23	n/a
Greenville	17	n/a
Machias/Eastport	16	n/a
Fort Kent	2	n/a
Van Buren	-91	n/a
Statewide	22,278	
<p>Sources: 2003 and 2004 Claritas, MSHA Quarterly Rental Survey and HUD, MSHA, Rural Development and local housing authorities (LHA)</p> <p>Definitions:</p> <p>Total Rental Housing Need (units) is the difference between subsidized housing units and section 8 vouchers subtracted from the count of renters at <50% of the area median income (AMI).</p> <p>Calculation: The More Monthly Income Needed at 50% of Median Income assumes that renters should pay no more than 30% of their income on rent (rent is defined as including utilities such as heat, hot water and electricity). Median income is multiplied by 50% (to derive median income at 50%), then multiplied by 30% (to derive assumption of no more than 30% of income towards rent), then divided by 12 (to derive monthly rental amount that can be afforded). This afford amount is subtracted from the average monthly rent. For example, the Portland Housing Market household earning 50% of median income needs to earn \$347 more per month to pay the rent.</p> <p>Notes: The income and rental data for More Monthly Income Needed at 50% of Median Income is based on 2004 data, except for those housing markets marked with an asterisk. Those housing markets used 2003 income and rental data. The data for both years are for two bedroom rents.</p> <p>N/A indicates rental data was not available for that housing market.</p>		

Owners Needing Assistance

According to the 2000 Census, Maine has the 14th oldest housing stock in the nation. Much of the housing available to lower income residents is in poor condition. There are more than 124,000 households consisting of families making less than 80% of median income. Over 33,000 units belong to the most desperate owners making 50% of median income, or less. As the table below demonstrates, they are spread throughout the State.

Housing costs continue to increase faster than the working wage. In southern and coastal Maine home prices have outstripped incomes and the ability of working families to afford homeownership. Lack of affordable housing within a community leads to sprawl as people are forced to commute from less expensive housing areas.

2004 Owners Needing Assistance					
	Owner Households by % of Median Income				
Housing Market	<30%	31-50%	51-80%	<80%	% <80%
Augusta	2,338	2,348	4,325	9,011	7.2%
Bangor	1,789	1,764	3,158	6,711	5.4%
Bath/Brunswick	1,806	2,043	3,792	7,641	6.1%
Belfast	891	849	1,385	3,125	2.5%
Biddeford	1,484	1,825	3,386	6,695	5.4%
Boothbay Harbor	492	552	1,048	2,092	1.7%
Bucksport	313	344	626	1,283	1.0%
Calais	441	429	541	1,412	1.1%
Dexter/Pittsfield	880	845	1,423	3,147	2.5%
Dover-Foxcroft	556	504	819	1,879	1.5%
Ellsworth/Bar Harbor	995	1,041	1,765	3,801	3.1%
Farmington	971	1,056	1,716	3,743	3.0%
Fort Kent	253	241	338	832	0.7%
Greenville	72	72	113	256	0.2%
Houlton	462	437	552	1,451	1.2%
Jonesport/Milbridge	325	256	396	977	0.8%
Kittery/York	1,074	1,244	2,127	4,444	3.6%
Lewiston/Auburn	1,435	1,700	3,184	6,318	5.1%
Lincoln/Howland	394	442	624	1,461	1.2%
Machias/Eastport	484	389	574	1,447	1.2%
Madawaska	229	269	395	892	0.7%
Millinocket/East Millinocket	350	397	597	1,344	1.1%
Norway/Paris	600	678	1,193	2,471	2.0%
Outer Bangor	519	487	878	1,884	1.5%
Patten/Island Falls	144	143	213	500	0.4%
Portland	4,716	5,536	10,533	20,785	16.7%
Presque Isle/Caribou	1,172	1,027	1,714	3,913	3.1%
Rockland	1,234	1,289	2,203	4,726	3.8%
Rumford	611	676	1,104	2,392	1.9%
Sanford	1,189	1,331	2,325	4,846	3.9%
Sebago Lakes Region	825	904	1,591	3,321	2.7%
Skowhegan	981	946	1,463	3,389	2.7%
Stonington	372	364	612	1,348	1.1%

2004 Owners Needing Assistance					
	Owner Households by % of Median Income				
Van Buren	94	67	105	266	0.2%
Waterville	1,213	1,304	2,028	4,545	3.7%
Statewide	31,703	33,799	58,845	124,347	
Source: 2004 Claritas					
Calculation: % <80% is the count of <80% households by housing market divided by the count of all households at <80% of median income.					

In terms of the percentage of homes older than 1940, Maine has the 7th oldest housing stock in the nation. Many households are in immediate need of home repair assistance. The Maine Home Repair Network was formed during 2003 by the major funding agencies in the state to coordinate their home rehabilitation activities. MSHA, DECD, and Rural Development fund the Network's services that are delivered by the Community Action Agencies. The Network has included an evaluation component to their mission that includes a goal of better documentation of the statewide need for home repairs and replacement. Needs include lead paint remediation, leaking roofs, heating system repairs, energy conservation improvements. Grants, loans, and loan plus grant combinations are provided according to homeowner payment abilities and funding restrictions permit.

First-time Homebuyers

Lower-income people have limited choices for affordable housing which affects their access to jobs and services. Workforce housing needs has become a large problem for employers in southern and coastal communities. The lack of affordable housing has been cited as an impediment to economic growth. Coastal Maine communities face the possibility of becoming exclusive enclaves of wealthy summer visitors and retirees and the average resident such as a fireman, teacher, nurse or others will have to commute from outside or be bussed in. While Maine's population has not grown dramatically, there has been a larger increase in the number of households – and that is one of the driving forces in the need for additional affordable housing. Home prices and rents have been increasing faster than incomes.

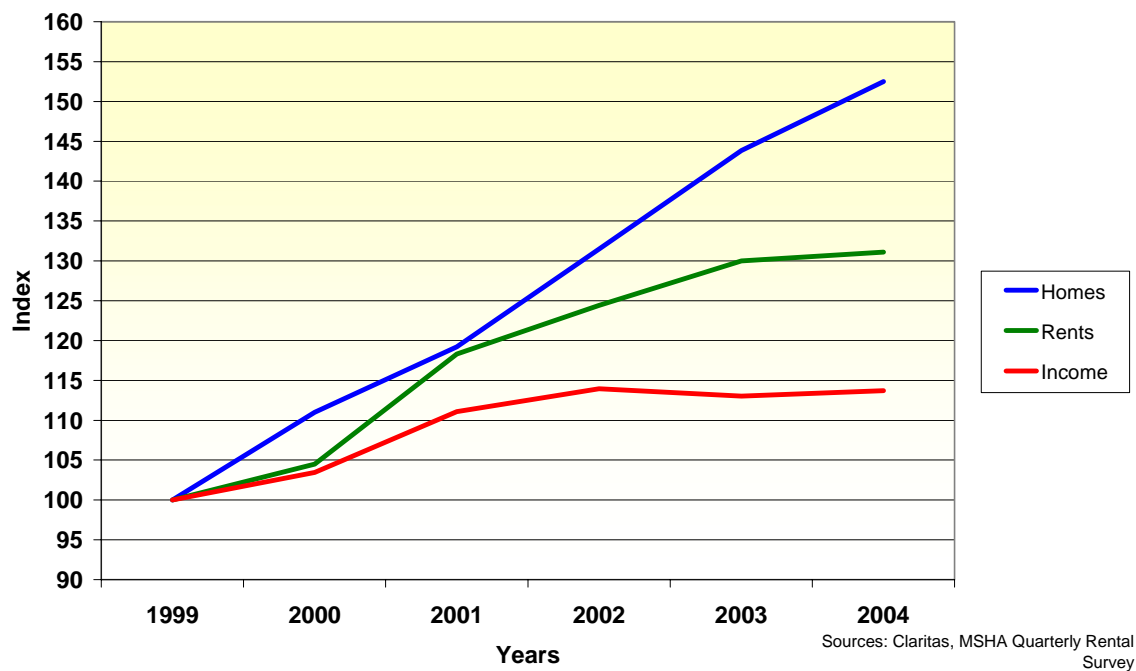
Downpayment and closing cost assistance as well as credit problems are barriers for many families seeking homeownership. New initiatives like the American Dream Downpayment program will provide further assistance to qualified first time homebuyers. Over 74,000 renter households have the capacity to own a home. Those potential homebuyers are located in the following housing markets:

2004 Potential Homebuyers					
	Renter Households by				
	% of Median Income: Age 25 - 44				
Housing Market	<30%	31-50%	51-80%	81-100%	Total
Augusta	729	672	928	485	2,814
Bangor	1,179	807	1,289	722	3,997
Bath/Brunswick	592	600	1,022	590	2,803
Belfast	174	169	223	108	673
Biddeford	806	636	950	513	2,905
Boothbay Harbor	64	86	127	57	334
Bucksport	76	62	104	50	293
Calais	96	52	77	60	285
Dexter/Pittsfield	171	125	203	131	630
Dover-Foxcroft	68	71	89	58	286
Ellsworth/Bar Harbor	262	230	400	248	1,139
Farmington	275	202	297	185	959
Fort Kent	49	29	67	39	184
Greenville	13	15	21	10	60
Houlton	114	65	112	80	372
Jonesport/Milbridge	36	35	49	30	149
Kittery/York	268	296	537	240	1,341
Lewiston/Auburn	967	951	1,457	830	4,205
Lincoln/Howland	75	60	83	43	261
Machias/Eastport	87	64	92	55	298
Madawaska	25	38	55	32	150
Millinocket/East Millinocket	96	51	90	47	283
Norway/Paris	87	129	211	118	545
Outer Bangor	67	57	116	70	310
Patten/Island Falls	16	20	20	14	71
Portland	2,686	2,254	3,989	2,531	11,460
Presque Isle/Caribou	282	204	362	239	1,087
Rockland	301	326	538	268	1,432
Rumford	157	146	218	141	661
Sanford	364	312	547	279	1,501
Sebago Lakes Region	188	128	221	133	669

2004 Potential Homebuyers					
	Renter Households by				
	% of Median Income: Age 25 - 44				
Skowhegan	163	204	257	158	782
Stonington	65	47	89	51	252
Van Buren	18	16	30	14	78
Waterville	470	412	574	336	1,791
Statewide	11,083	9,571	15,440	8,966	45,059
Source: 2004 Claritas					
Calculation: Total is all renter households between the ages of 25 and 44 with incomes equal to or less than the median income.					

The following chart shows home prices and rents increasing faster than incomes. A major concern is whether the median income buyer can afford the median income home in their region? Housing costs continue to increase faster than the working wage. MSHA buys down interest rates to make housing more affordable. Other actions undertaken to permit home purchase include down-home assistance, closing cost assistance, and soft second programs to address potential homebuyer credit problems and lack of savings.

Change in Home Prices vs. Income vs. Rents in Maine



MSHA tracks affordability to identify regions where the cost of housing may be beyond the reach of households making median income. A region with an index rating of less than one has an affordability problem. Those with an index of more than 1.00 are affordable. The index itself is a ratio between how much of a mortgage loan that area's median income can afford divided by that area's median home price.

2003 Homeownership Affordability for Buyers at Median Income		
Housing Market	Affordability Index	Income Needed by Hour
Augusta	1.09	\$18.08
Bangor	0.93	\$20.27
Bath/Brunswick	0.82	\$27.30
Belfast	0.80	\$22.39
Biddeford	0.68	\$34.44
Boothbay Harbor	0.55	\$36.58
Bucksport	1.14	\$17.50
Calais	1.19	\$11.80
Dexter/Pittsfield	1.36	\$11.40
Dover-Foxcroft	1.27	\$11.52
Ellsworth/Bar Harbor	0.73	\$25.95
Farmington	1.19	\$13.97
Fort Kent	1.75	\$8.53
Greenville	0.84	\$18.97
Houlton	1.48	\$9.43
Jonesport/Milbridge	1.13	\$11.43
Kittery/York	0.65	\$42.35
Lewiston/Auburn	0.88	\$20.83
Lincoln/Howland	1.34	\$11.99
Machias/Eastport	0.91	\$14.65
Madawaska	1.75	\$8.53
Millinocket/East Millinocket	2.03	\$7.79
Norway/Paris	1.05	\$17.79
Outer Bangor	1.32	\$14.40
Patten/Island Falls	2.01	\$7.13
Portland	0.76	\$32.06
Presque Isle/Caribou	1.43	\$10.81
Rockland	0.74	\$26.39
Rumford	1.38	\$12.32
Sanford	0.86	\$23.47
Sebago Lakes Region	0.85	\$21.97
Skowhegan	1.27	\$12.32
Stonington	0.57	\$32.01

2003 Homeownership Affordability for Buyers at Median Income		
Housing Market	Affordability Index	Income Needed by Hour
Van Buren	1.75	\$8.53
Waterville	1.18	\$14.42
Maine	0.81	\$24.71
Sources: 2003 Claritas, Maine Revenue Services and Statewide Multiple Listing Service		

Special Population Groups

Homeless: A Continuum of Care has been developed in Maine to help the homeless move to self-sufficiency and permanent housing. Continuum level move the homeless from emergency shelters to transitional housing that consist of temporary quarters with supportive services, to permanent housing that may include supportive services.

According to Maine's Continuum of Care 2004 application for assistance, the group has been implementing its goals to end chronic homelessness, to address the needs and reduce the number of the non-chronically homeless population, and to coordinate its planning efforts with Maine's Action Plan to End Homelessness. The Balance of State Continuum of Care (BOSCO) works closely with the Continuums of Portland and Greater Penobscot County. Maine's strategy to end chronic homelessness continues to respond to the unique needs of this rural state's population, geography, and resources. Homelessness in Maine increased significantly in the 1990s. Data collected by MSHA on a monthly basis since 1993 shows an increase in homelessness of 69% from 1993 to 2000. In the Balance of State region, the increase was 51% during this period. MSHA's shelter bed occupancy data for 2003 and 2004 demonstrate that the number of stays for homeless persons continues to increase. More detailed analysis shows that over two thirds of shelter guests entered the system for the first time. This means that close to one-third re-enter the homeless system multiple times (two to five times) throughout the year. Maine's Balance of State Continuum of Care (BOSCO) has identified 88 individuals in its Continuum of Care region as being chronically homeless based on the point-in-time survey conducted on April 26, 2004. This is 14% of the homeless population in the BOSCO area. Chronically homeless is defined as an individual with a disabling condition who have been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years. These chronically homeless individuals are disabled with serious mental illnesses and/or substance abuse problems. A small percentage of these individuals may also be living with HIV/AIDS.

The Continuum of Care areas of housing need according to the 2004 Point in Time Survey are provided in the table below.

2004 Continuum of Care Housing Gaps Analysis Chart				
		Current Inventory in 2004	Under Development in 2004	Unmet Need/Gap
	Individuals			
Beds	Emergency Shelter	652	0	-185
	Transitional Housing	740	73	-33
	Permanent Supportive Housing	911	135	332
	Total	2,303	208	114
	Persons in Families With Children			
Beds	Emergency Shelter	382	0	-213
	Transitional Housing	969	72	3
	Permanent Supportive Housing	347	72	212
	Total	1,698	144	2
Source: 2004 Point in Time Homeless Survey				

Frail Elderly: Maine has a substantial and fast growing elder population. It ranks 13th in the nation with proportion of elders aged 75 and above and is the New England leader for percentage of population aged 85 and above. The population cohort aged 85 and above is Maine's fastest growing group. Persons aged 85 and above are the most likely group among the elderly to need supportive housing, home care or long term care services.

The frail elderly present a specialized care need that is dependent upon the individual's ability to live independently. Maine's growing population of frail seniors living on fixed incomes will need additional assisted living facilities – or be forced into nursing homes when they don't need that level or cost of care.

A part of MSHA's Emerging Issues planning process has been the compilation of a baseline inventory of Housing and Long Term care resources. An annual update of the database of affordable Maine elder housing resources will be needed. Also important is improving the access to information for seniors and their families regarding elder housing, home repair programs, and other services. MSHA and community-based elder service organizations frequently receive requests from low-income elders needing repairs or modifications to their home for improving accessibility, and repairing doorways and windows. Maine has a relatively high rate of poverty and that many elders live in rural communities. Rural areas are often difficult to serve due to the fact that local housing programs are small and often under funded. Partially offsetting the challenges of delivering cost effective services in rural areas is the fact that more than 80% of all care for elders is provided by families friends and neighbors. This is especially true in rural towns where there is a strong Maine tradition of community support and caring neighbors.

Following is an inventory of elderly beds and facilities.

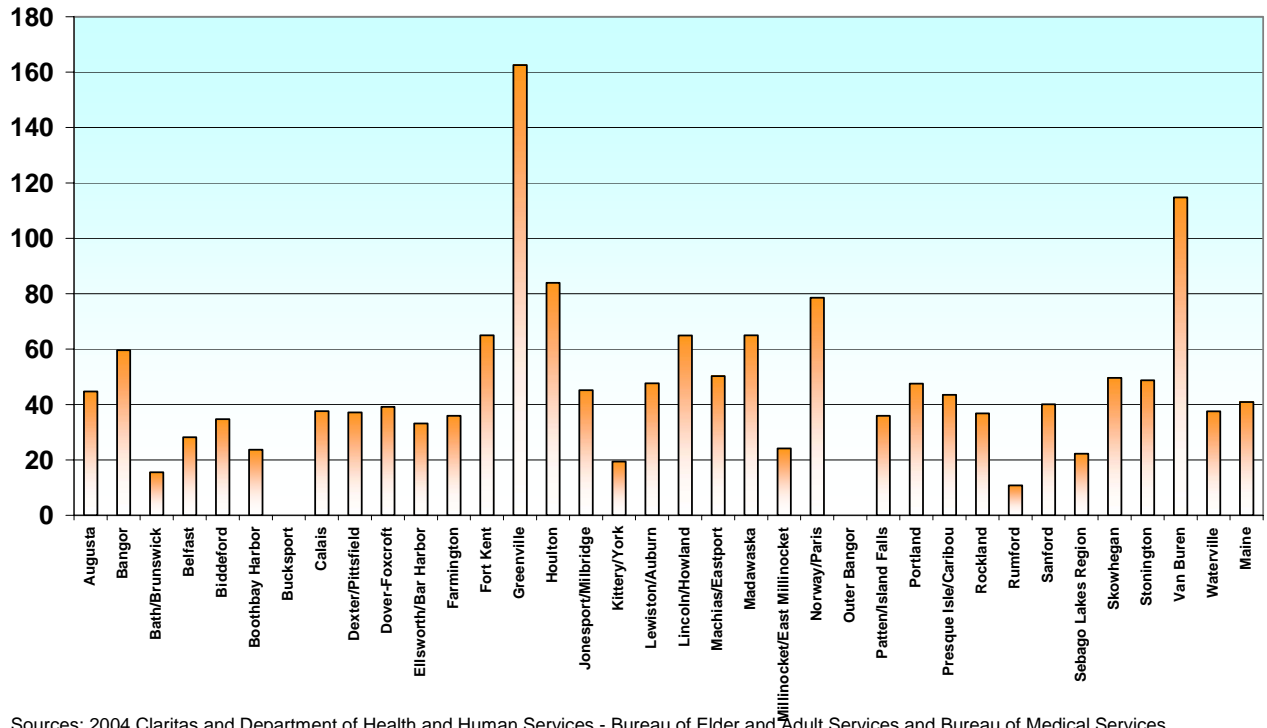
2004 Count of Elderly Beds and Facilities												
	Beds						Facilities					
Housing Market	Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility	Totals	Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility	Totals
Augusta	658	68	313	0	548	1,587	70	3	3	0	10	86
Bangor	765	28	1,134	0	704	2,631	72	3	5	0	12	92
Bath/Brunswick	605	66	159	0	171	1,001	35	3	2	0	3	43
Belfast	109	37	45	6	110	307	10	2	1	1	2	16
Biddeford	649	54	150	0	404	1,257	33	4	1	0	6	44
Boothbay Harbor	204	20	50	0	88	362	15	1	2	0	3	21
Bucksport	10	0	0	0	0	10	2	0	0	0	0	2
Calais	95	9	15	1	76	196	9	1	1	1	3	15
Dexter/Pittsfield	92	0	28	6	144	270	12	0	1	1	3	17
Dover-Foxcroft	71	18	46	0	100	235	4	2	1	0	1	8
Ellsworth/ Bar Harbor	152	20	79	0	188	439	15	1	2	0	6	24
Farmington	245	24	70	0	192	531	18	2	1	0	5	26
Fort Kent	112	0	49	0	85	246	10	0	1	0	3	14
Greenville	0	0	28	0	66	94	0	0	2	0	4	6
Houlton	156	16	98	8	204	482	15	1	2	1	6	25
Jonesport/ Milbridge	49	24	0	0	66	139	8	2	0	0	2	12
Kittery/York	143	6	122	0	116	387	9	1	2	0	6	18
Lewiston/ Auburn	884	60	483	14	653	2,094	51	3	2	2	10	68
Lincoln/ Howland	46	0	15	0	126	187	5	0	1	0	4	10
Machias/	112	12	36	0	117	277	9	1	1	0	4	15

2004 Count of Elderly Beds and Facilities

	Beds						Facilities					
Housing Market	Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility	Totals	Assisted Living	Adult Day Care	Hospital	Independent Living	Nursing Facility	Totals
Eastport												
Madawaska	73	0	0	0	92	165	3	0	0	0	3	6
Millinocket/ East Millinocket	34	0	15	0	46	95	2	0	1	0	2	5
Norway/Paris	196	12	50	0	271	529	30	1	1	0	5	37
Outer Bangor	33	0	0	0	0	33	7	0	0	0	0	7
Patten/ Island Falls	16	18	0	0	25	59	4	1	0	0	1	6
Portland	1,809	131	1,047	50	1,552	4,589	128	9	4	1	21	163
Presque Isle/ Caribou	129	22	170	0	275	596	8	2	3	0	5	18
Rockland	552	6	109	8	291	966	36	1	1	1	5	44
Rumford	78	12	15	0	42	147	6	1	1	0	3	11
Sanford	265	36	49	0	258	608	25	3	1	0	5	34
Sebago Lakes Region	85	0	40	5	95	225	12	0	1	1	2	16
Skowhegan	138	12	65	4	233	452	18	1	1	1	6	27
Stonington	175	11	15	0	106	307	4	2	1	0	4	11
Van Buren	138	0	0	0	69	207	12	0	0	0	2	14
Waterville	305	40	221	0	278	844	29	1	3	0	6	39
Maine	9,183	762	4,716	102	7,791	22,554	726	52	49	10	163	1,000
Sources: Bureau of Elder and Adult Services, Maine Department of Health and Human Services and Department of Human Services, Division of Licensing and Certification, Bureau of Medical Services												

The following chart shows the availability of nursing facility beds by Maine housing market in 2004. Two regions, Greenville and Van Buren, have much higher rates per thousand of 65 and older population.

Nursing Facility Beds per 1000 of 65+ Population by Housing Market in 2004



Sources: 2004 Claritas and Department of Health and Human Services - Bureau of Elder and Adult Services and Bureau of Medical Services

Recipients of Services by Maine Health and Human Services: The new Maine Department of Health and Human Services (DHHS) is a result of the combining of the former Department of Human Services and Department of Behavioral and Developmental Disabilities. Various clients are provided housing services or are in need of housing assistance. The following chart provided by DHHS shows the current living situations for department clients as of August 2003. Appendix H provides additional data on adults and children receiving services and their room and board assistance.

Annual Provider Class Member Survey - August 2003		
Current Living Situation	Number	Percent
Living in a Homeless Shelter	12	0.8%
Living on the streets	16	1.1%
Homeless in past 12 months	98	6.6%
Living in a boarding home	98	6.6%
Living in a nursing home	43	2.9%
Living with family or friends	176	11.8%
Currently Hospitalized	49	3.3%
Lives in own home or condo	180	12.1%
Living in group home	125	8.4%
Living in state prison	60	4.0%
Living in county jail	21	1.4%
Living in apartment	649	43.6%
Living in supported apartment	116	7.8%
Living in single room occupancy	31	2.1%
Living in residential treatment facility	43	2.9%
Living in home with 8 or more beds	70	4.7%
Other living arrangement	48	3.2%
Receiving section 8 housing	359	24.1%
Receiving BRAP funding	137	9.2%
Receiving Shelter Plus Care	39	2.6%
Source: Maine Department of Health and Human Services		
Note: Percentages based on a count of 1,490.		

Persons with Physical Disabilities: An estimated 238,000 people in Maine have a disability, representing 18.4 percent of population ages five and older. Public forums conducted during the development of the Consolidated Plan were attended by a variety of individuals and groups including those advocating for the housing needs of the disabled. Needs identified included financial assistance for ramps and other home modifications permitting more independent living. Homeownership stability was noted as important for the disabled to improve access to services and support people, e.g., friends.

The physically disabled need appropriate, independent living situations including homeownership when appropriate. Assistance is needed for modifications to rental and homeownership units to accommodate physical disabilities. Some with disabilities also have income limitations therefore needing subsidy and other forms of assistance.

Special Housing Topics

Cost and condition of Housing: As shown in the following chart, there are an estimated 54,784 households with substandard housing. These households lack attic or wall insulation, have no functioning heating system, or live in a pre-1976 mobile home. Many poor homeowners have rehabilitation needs.

2003 Cost and Condition of Housing		
Housing Market	Home Price	Estimated Households with Substandard Housing
Augusta	108,250	5,548
Bangor	120,000	3,156
Bath/Brunswick	165,000	2,863
Belfast	135,500	1,306
Biddeford	216,000	1,790
Boothbay Harbor	235,000	736
Bucksport	107,103	560
Calais	69,900	991
Dexter/Pittsfield	69,100	1,280
Dover-Foxcroft	70,000	586
Ellsworth/Bar Harbor	160,500	2,278
Farmington	84,000	1,457
Fort Kent	49,900	177
Greenville	114,500	76
Houlton	54,750	606
Jonesport/Milbridge	68,000	567
Kittery/York	261,000	1,442
Lewiston/Auburn	119,000	2,467
Lincoln/Howland	73,500	546
Machias/Eastport	87,500	1,071
Madawaska	49,900	221
Millinocket/East Millinocket	45,000	384
Norway/Paris	106,450	633
Outer Bangor	88,450	777
Patten/Island Falls	41,900	159
Portland	192,400	7,466
Presque Isle/Caribou	63,500	1,560
Rockland	161,250	1,450
Rumford	75,109	717
Sanford	145,000	1,038
Sebago Lakes Region	134,000	932
Skowhegan	74,306	1,621
Stonington	202,750	858
Van Buren	49,900	124
Waterville	85,000	2,477
Sources: 2003 LIHEAP database, 2003 Claritas and 2003 Statewide Multiple Listing Service		

Lead Based Paint Hazard Reduction: There are an estimated 63,480 low-income households with lead-based paint in Maine. The people who occupy these units are spread throughout the state. In the fall of 2002, MSHA was awarded a \$2.1 million HUD Lead Paint Hazard Reduction Grant that was used to make Maine homes lead safe.

Of the 63,480 units that have lead based paint, 38,944 are low-income renter units and 24,536 are low-income homeowner units. A further analysis suggests that those with highest risk are the 53,000 owners and 17,000 renters that are cost burdened (spending more than 30% of their income on housing) and receive no housing subsidy.

Rental Housing: Housing preservation, Section 8 rent subsidies, workforce housing, multi-family housing, rehabilitation, and NIMBYism are all issues MSHA addresses through its rental housing programs.

NIMBYism, or “not in my backyard”, has provided challenges to housing development in many parts of the state, especially southern and coastal areas. There has been organized opposition to higher density, more affordable housing, or housing serving special population groups. Several affordable housing advocacy agencies have promoted improved methods for housing development designs to reduce sprawl and provide more traditional neighborhoods. One example is the Great American Neighborhood design promoted by the State Planning Office. Escalating land prices, especially in southern and coastal Maine, have made it very difficult for affordable housing developers to obtain a site without greater costs and more difficult to prepare for development because of poorer quality locations.

Shown below is the number of rental units in Maine as of 2003 by housing market.

2003 Rental Units in Maine			
Housing Market	Units	Housing Market	Units
Augusta	9,340	Lewiston/Auburn	14,858
Bangor	14,069	Lincoln/Howland	881
Bath/Brunswick	8,589	Machias/Eastport	1,319
Belfast	2,231	Madawaska	838
Biddeford	9,718	Millinocket/East Millinocket	977
Boothbay Harbor	1,290	Norway/Paris	2,018
Bucksport	920	Outer Bangor	965
Calais	1,181	Patten/Island Falls	300
Dexter/Pittsfield	2,215	Portland	35,202
Dover-Foxcroft	1,220	Presque Isle/Caribou	4,440
Ellsworth/Bar Harbor	3,988	Rockland	4,893
Farmington	3,455	Rumford	2,418
Fort Kent	834	Sanford	4,708
Greenville	268	Sebago Lakes Region	2,080
Houlton	1,449	Skowhegan	2,937
Jonesport/Milbridge	609	Stonington	908
Kittery/York	4,155	Van Buren	439
		Waterville	6,112
Source: 2003 Claritas			

The following chart shows the amount of rental assistance needed by housing market in 2004 broken out by percentage of median income.

2004 Rental Assistance Needed				
	More Monthly Income Needed at % of Median Income			
Housing Market	30%	50%	80%	<p>Calculation: The More Monthly Income Needed at % of Median Income assumes that renters should pay no more than 30% of their income on rent (rent is defined as including utilities such as heat, hot water and electricity). Median income is multiplied by the % of Median Income (to derive median income at that %), then multiplied by 30% (to derive assumption of no more than 30% of income towards rent), then divided by 12 (to derive monthly rental amount that can be afforded). This afford amount is subtracted from the average monthly rent. For example, the Augusta Housing Market household earning 30% of median income needs to earn \$306 more per month to pay the rent.</p> <p>Notes: The income and rental data for More Monthly Income Needed at 50% of Median Income is based on 2004 data, except for those housing markets marked with an asterisk. Those housing markets used 2003 income and rental data. The data for both years are for two bedroom rents.</p> <p>There are 35 Housing Markets in Maine. The following Housing Markets are not included here due to lack of rental data: Bucksport, Fort Kent, Greenville, Houlton, Jonesport/Milbridge, Lincoln/Howland, Machias/Eastport, Madawaska, Outer Bangor, Patten/Island Falls, Stonington and Van Buren</p>
Augusta	\$306	\$99	-\$213	
Bangor	\$434	\$234	-\$67	
Bath/Brunswick	\$471	\$237	-\$114	
Belfast	\$458	\$268	-\$17	
Biddeford	\$485	\$241	-\$126	
Boothbay Harbor	\$522	\$315	\$4	
Calais	\$359	\$215	\$0	
Dexter/Pittsfield*	\$229	\$67	-\$175	
Dover-Foxcroft*	\$328	\$176	-\$52	
Ellsworth/Bar Harbor	\$465	\$265	-\$33	
Farmington	\$342	\$165	-\$99	
Kittery/York	\$801	\$510	\$73	
Lewiston/Auburn	\$376	\$184	-\$104	
Millinocket/East Millinocket	\$239	\$81	-\$156	
Norway/Paris*	\$342	\$147	-\$146	
Portland	\$601	\$347	-\$34	
Presque Isle/Caribou	\$242	\$77	-\$170	
Rockland	\$458	\$249	-\$63	
Rumford*	\$323	\$146	-\$119	
Sanford	\$540	\$334	\$24	
Sebago Lakes Region	\$462	\$267	-\$25	
Skowhegan	\$322	\$160	-\$83	
Waterville	\$374	\$197	-\$69	
Sources: 2003 and 2004 Claritas and MSHA Quarterly Rental Survey				

The 2000 Census provided the data in the following table showing homeowner and rental vacancy rates by county. Additional rental needs data is provided in Appendix H.

2000 Vacancy Rates in Maine		
	Vacancy Rate	
County	Homeowner	Rental
Androscoggin	1.4%	8.2%
Aroostook	2.9%	12.5%
Cumberland	0.7%	3.7%
Franklin	1.7%	8.9%
Hancock	1.9%	5.9%
Kennebec	1.6%	8.9%
Knox	1.3%	5.9%
Lincoln	1.9%	9.3%
Oxford	1.8%	10.7%
Penobscot	2.3%	6.2%
Piscataquis	4.0%	13.6%
Sagadahoc	1.0%	6.0%
Somerset	2.9%	11.4%
Waldo	1.8%	7.7%
Washington	4.3%	13.3%
York	0.9%	5.4%
Maine	1.7%	7.0%
Source: 2000 US Census		

The following table provides 2003 Section 8 occupancy data for individuals and families by housing market. Appendix H provides additional housing assistance data and charts showing projections for expiring housing assistance program units for the elderly, families, and special needs. Section 8 occupancy data for 2003 by race and housing type is also provided in Appendix H.

2003 Section 8 Occupancy by Household Type						
Housing Market	Single	% Single	Family	% Family	Total	% of Total
Augusta	351	72.7%	132	27.3%	484	6.4%
Bangor	579	78.8%	156	21.2%	736	9.7%
Bath/Brunswick	255	72.2%	98	27.8%	354	4.7%
Belfast	57	72.2%	22	27.8%	80	1.1%
Biddeford	370	56.8%	281	43.2%	652	8.6%
Boothbay Harbor	34	100.0%	0	0.0%	35	0.5%
Calais	24	55.8%	19	44.2%	44	0.6%
Dexter/Pittsfield	75	79.8%	19	20.2%	95	1.3%
Dover-Foxcroft	54	80.6%	13	19.4%	68	0.9%
Ellsworth/Bar Harbor	50	92.6%	4	7.4%	55	0.7%
Farmington	200	74.3%	69	25.7%	270	3.6%
Fort Kent	39	55.7%	31	44.3%	71	0.9%
Greenville	19	47.5%	21	52.5%	40	0.5%
Houlton	69	65.7%	36	34.3%	106	1.4%
Jonesport/Milbridge	9	75.0%	3	25.0%	13	0.2%
Kittery/York	117	86.7%	18	13.3%	136	1.8%
Lewiston/Auburn	511	70.0%	219	30.0%	731	9.6%
Lincoln/Howland	53	73.6%	19	26.4%	73	1.0%
Machias/Eastport	126	78.3%	35	21.7%	162	2.1%
Madawaska	111	92.5%	9	7.5%	121	1.6%
Millinocket/East Millinocket	30	76.9%	9	23.1%	40	0.5%
Norway/Paris	103	60.6%	67	39.4%	171	2.2%
Outer Bangor	32	91.4%	3	8.6%	36	0.5%
Patten/Island Falls	9	81.8%	2	18.2%	12	0.2%
Portland	1,278	74.1%	447	25.9%	1,726	22.8%
Presque Isle/Caribou	175	83.7%	34	16.3%	210	2.8%
Rockland	216	74.0%	76	26.0%	293	3.9%
Rumford	123	69.1%	55	30.9%	179	2.4%
Sanford	107	84.3%	20	15.7%	128	1.7%
Sebago Lakes Region	33	64.7%	18	35.3%	52	0.7%
Skowhegan	54	55.1%	44	44.9%	99	1.3%
Stonington	59	84.3%	11	15.7%	71	0.9%
Waterville	205	83.3%	41	16.7%	247	3.3%
Statewide	5,527	73.1%	2,031	26.9%	7,583	
Source: MSHA Asset Management Housing Development Software						
Definition: Single is defined as 1 household member and Family is defined as having more than 1 household member.						
Note: This Section 8 data refers to project based units only.						

Community Development Needs Assessment

An assessment and inventory of the community development needs for a state as large and diverse as the State of Maine is an exhausting task. With almost 500 cities, towns and unorganized territories, each with multiple community development needs and opportunities demographics, the breadth of this task can be easily seen. The state contains urban, suburban, rural communities and remote rural regions of great geographic and economic diversity. The assessment of community development needs must therefore be relatively general in nature but at the same time must be representative, at least as close as possible of the specific needs of Maine's cities and towns. The needs analysis for the 2005 Consolidated Plan relies heavily on public input at public forums.

The Assessment

The assessment process contains six elements: public information gathering forums; a formal public hearing and information gathering process; a review of related or similar federal or state programs; demographic and economic data; a review of historic CDBG applications and; the State's economic development strategy.

Public Forums: At each group presentation, training session, and meetings with regional service providers, an open discussion was held to examine the potential for new and/or improvements to existing CDBG programs to address community needs and evaluate their potential effectiveness.

Public Hearings: Each year the CDBG program adopts rules for the administration of the CDBG program in Maine. The process follows the State Administrative Procedures Act. There were three formal public hearings, one open solicitation of comments session, solicitation of comments from the regional TA providers, the Maine Community Development Association and an opportunity to submit comments via the internet. While the actual number of comments was lower than average this year, there was a record number of persons participating in the process. The 2005 CDBG Program Statement is based on comments received regarding program changes and in particular in the application scoring process. The scoring process was revised to present a clearer picture of how funds would be distributed and what information would be expected in the application. The vast majority of persons participating in the process expressed support for this new system.

Information from related programs: Programs administered by Rural Development, Maine Dept. of Environmental Protection, Maine Dept. of Human Resources and the Maine State Housing Authority provide funds for community and economic development activities similar to CDBG. The current demand on these programs to fund community needs was reviewed. The DECD continues to meet at least annually with representatives of Rural Development, the Maine DEP, the State Drinking Water Program and the MSHA in an attempt to coordinate resources as much as possible.

CDBG application experience: A simple, yet effective, method to evaluate community needs is a review of recent and past CDBG applications. This provides a relative indicator

of demand for funds and the type of projects communities have identified as needing immediate attention.

Demographic and economic data: This information is basic to any understanding of needs, though it is very general.

State economic development strategy – Commissioner’s priorities: In 2004 the Department of Economic and Community Development conducted an assessment of statewide economic development needs. This culminated in a state economic development strategy of which the CDBG program plays a part.

The Results

Public Forums: The forums were not designed to reach consensus on the CDBG program but to obtain input from communities, service providers, engineering firms, consultants, program administrators and the public. In general, meeting attendees support the current allocation of CDBG resources and the existing menu of programs. Significant comments included:

- increase funding for economic development activities
- communities should establish their own priorities for CDBG funded projects
- retain a mix of economic development, housing, public infrastructure and public facilities
- increase funding for downtown activities
- Increase funding for Housing activities
- Increase funding for the Public Service program

Public Hearings: Approximately 150 individuals, including community officials, economic and community development professionals, housing providers, technical assistance providers, consultants, community residents and leaders of nonprofit organizations attended our public hearings and information gathering sessions to provide comments and suggestions regarding the CDBG program for 2005 and to verbalize their community’s greatest CD and ED needs. The three greatest needs identified were for public infrastructure, particularly water and sewer projects, economic development and job creation related projects and housing related programs. Four other types of programs identified by respondents were public services, public facilities (mostly community centers and fire stations) planning activities and downtown revitalization (particularly façade programs) programs. Of these last four, downtown revitalization including facades had the strongest response with public service next. These responses were similar to responses received from a survey conducted by the CDBG program in 1997 and 1999. There was also a considerable interest in the new non-profit development grant program. However, during conversations it was determined that most of the interest was from agencies that did not meet the HUD definition of a non-profit development corporation but rather from project specific agencies interested in furthering cultural and housing activities.

Information on Related Programs: The Maine Department of Environmental Protection maintains an inventory of wastewater facility needs they have identified and prioritized. The

list contains numerous projects with a combined total estimated cost that far exceeds available funding. To complicate matters further, many of the communities not only qualify for grant funds but truly are unable to repay loans for these projects while the demand exceeds grant funds there are loan funds available that are not being utilized for lack of ability to repay. Although some of these projects are located in the state's five entitlement cities, which are not eligible for the state CDBG program, there are also many that are in communities that while having a legitimate need, can not meet the eligibility criteria for CDBG funds.

The state Drinking Water Revolving Loan Program, like the MDEP, has several times the amount of requests as available funds, particularly grant funds. As might be expected, many requests are to address serious health threats but they also have requests for expansions to new developments and system upgrades. However, the program is only designed to address health, compliance and replacement of aging systems and can not be used for system expansions or fire protection.

The USDA Rural Development agency provides funds for water, storm water, wastewater, and reservoir construction projects. Over forty projects are on the waiting list to be funded with an estimated cost that as with other agencies, far exceeds available funds. As with other agencies, not all the backlog of projects are eligible for CDBG funding. It should be noted that these lists are by no means inclusive of all potential projects.

CDBG Application Experience: CDBG programs are provided to eligible Maine communities through a competitive grant application basis. The following is a list of applications received and funded for the major CDBG programs from 2000 to 2004.

Program	2000		2001		2002		2003		2004	
	Appls	funded	Appls	funded	Appls	funded	Appls	funded	Appls	funded
Housing	22	9	12	9	13	10	26	12	24	10
Public Infrastructure	34	15	20	12	18	10	21	15	22	12
Public Facilities	24	11	27	12	32	14	21	11	23	11
Public Service	7	4	7	3	8	4	15	4	9	7
Economic Development	24	20	17	15	16	15	6	4	28	24
Downtown & Façade Program	10	3	8	4	3	3	5	3	12	6
Community Planning	56	26	37	24	27	24	35	24	39	24

Program	Percent of applications funded				
	2000	2001	2002	2003	2004
Housing	41%	75%	77%	46%	42%
Public Infrastructure	44%	60%	56%	71%	55%
Public Facilities	46%	44%	44%	52%	48%
Public Service	57%	43%	50%	27%	78%
Economic Dev.	83%	88%	94%	67%	86%
Downtown/Façade	30%	50%	100%	60%	50%
Planning	46%	65%	89%	69%	62%

It's fairly clear that demand for CDBG funds in all competitive programs exceeds the supply of funds. There are a couple exceptions in the Downtown/Façade and Economic Development Programs. In the Downtown/Façade program, because there is an emphasis of service centers and redevelopment of downtown districts (consistent with state growth management law and the State Economic Development Strategy) we have re-allocated unused grant funds in this category. In the economic development category, the high percentage is do to the method of coordinating our community development office and business development office staff with communities and regional agencies to address the need as presented/identified in their respective service area.

For programs such as the Development Fund and the Regional Assistance Fund demand and supply are in close balance. The demand for Urgent Need funds has been variable over the past years largely dependent on unpredictable or unforeseen events.

For the 2005 program year we have proposed to restructure the economic development programs into to categories, Business Assistance and Development Fund. All of the previous allowed activities will still be available but hopefully in a less confusing format.

The program has seen an increasing demand for projects to develop handicap access to public buildings and public access to the waterfront (boat ramps and piers). The Micro-loan program continues to have very little demand although the programs that have been funded are successful.

Demographic and Economic Data

Population: Without analyzing a hoard of complex data, simple conclusions can be drawn of Maine's population. 1) it's growing at a very slow rate, about as slow as any state in the country; 2) it's aging as the "baby-boom" cohort ages and as young people move out of state seeking perceived better job opportunities; 3) it's increasing faster in the southern and coastal regions and diminishing in the central, northern and eastern regions.

Economy: Maine's per capita income remains low, however the unemployment rate has been less than the national average. The state has experienced its best economic performance in over a decade. Barring unforeseen downturns in the world or national economy Maine should continue on its slow steady path of growth in income, wages and employment.

While Maine's economy has made ground, Aroostook, Piscataquis, Somerset, Waldo and Washington remain as the poorest counties in the state. Among the primary goals of DECD and the CDBG program is to improve the position of the state and particularly these most seriously distressed counties.

Unemployment: Compared to the dismal times of the recession of the early 1990's unemployment rates have improved dramatically. The state as a whole is below the U.S (the most recent figure is 4.5%). Despite this positive situation several of the state's 35 labor market areas have rates exceeding the national average.

While the CDBG program does fund projects in all regions of the state, its focus will remain on those with struggling economies and high rates of unemployment.

State Economic Development Strategy: Increasing economic opportunity for the people of Maine is Governor John Baldacci's top priority. Economic growth occurs through business retention, business expansion, business creation and business attraction. To achieve each, Maine's economic strategy must embrace four fundamental economic drivers. These drivers and their "subparts" are:

1. The creation of a fair and stable business environment
2. Investment in people
3. A clear focus on key sectors of the Maine economy
 - A. Mature industries
 1. Forest products industry
 2. Marine related activities
 3. Precision and niche manufacturing
 4. Tourism
 - B. Emerging industries
 1. Biotech and biomedical research
 2. Financial services
 3. Radio Frequency Identification
4. Building our infrastructure

The Governor's Economic Strategy for Maine also contains several "cross-cutting issues" which potentially affect all four of the listed drivers, these are:

Entrepreneurship
The creative economy
Small business support
Youth summit
Indian Tribe development
International trade and business attraction.

While it would require more space than available to include the entire State of Maine Economic Development Strategy here, a copy can be obtained by contacting the Department of Economic and Community Development or visiting the State's website.

The Sum

To sum up the general findings:

- Infrastructure, economic development and housing remain central to the CDBG program
- Interest in downtown revitalization activities remains strong; funds will be increased over the next five years, as available, for these activities.
- Water, sewer and public facility programs are in very strong demand
- In general, community and economic development choices should be made at the community level

Five Year Strategic Plan 2005 - 2009

Housing Strategies

The following plan outlines Maine's strategy for assisting the low-income citizens in Maine. It represents a five year window in which Maine will describe how it is going to meet the overwhelming needs of low income renters, homeowners, homebuyers, special need populations, and the homeless. The strategic plan also outlines how Maine will use its Community Development Block Grant funds to meet identified needs in economic and community development.

In the following table, we have ranked the priority need for each of the housing population groups:

PRIORITY	
HIGH	VLI Existing Home Owners
HIGH	VLI Renters
HIGH	Homeless Persons and Families
HIGH	VLI Persons with Special Needs
HIGH	First-time Homebuyers
MEDIUM	LI Renters
MEDIUM	Non-homeless Persons with Special Needs
MEDIUM	Low Income Owners
LOW	Large Related Renter Households

The total HOME resource allocation by MSHA during the five-year plan will serve the following housing populations:

OBJECTIVES / PRIORITY NEEDS	PRIORITY NEED LEVEL	# NEW HOUSEHOLDS SERVED	GEOGRAPHIC TARGETING/COMMENTS
• Deep Rental Subsidy VLI LI	HIGH MEDIUM	565 185	Non-entitlement areas
• Rehab Assistance for Home Owners VLI LI	HIGH HIGH	195 455	No restrictions for HOME
• Rehab of Investor Owned Structures VLI LI MI	HIGH HIGH LOW	225 115 160	No restrictions for HOME
• Ownership Opportunities LI MI	HIGH HIGH	2860 2500	No restrictions
• Increase Supply of Housing	HIGH	1025	Areas where documented need exists for additional units
• Special Needs Housing	HIGH	625	No restrictions
• Maintain Emergency Response for Persons and Families that are Homeless	HIGH	3,500	No restrictions
• Develop a continuum of long-term, independent, affordable housing options.	HIGH	included in figures above	No restrictions
• Maintain the homebuyer education training program	HIGH		Use of HUD dollars through hoMEworks education providers
• Provide funding for public service programs	HIGH		From other state agencies to support special need populations
• Lead Paint Repair	HIGH	400	Restricted to non-entitlement areas
• Provide planning and technical assistance	HIGH		Use of TA Consortium
• Replacement of Substandard homes	HIGH	100	No restrictions with rural priority

Housing Development Objectives: The following describes the statewide strategies used to meet the priorities identified above.

Deep Rental Subsidy (High Priority): MSHA will continue to work with Rural Development, the Maine Community Reinvestment Program, Public Housing Authorities, and our public and private sector development partners to increase the number of deep rental subsidies. MSHA will actively apply for new Section 8 Voucher programs and work to more efficiently use its existing resources. Working with our partners, we will focus development in the areas of greatest need. Along with agency funds, MSHA will use a combination of tax credits, bond capacity, HOME, and the real estate transfer tax, where appropriate. MSHA will also further investigate the use of HUD's Risk Sharing Program as an additional resource.

Rehabilitation Assistance for Homeowners (High Priority): MSHA will continue its expansion of the home repair program. The program is providing more financial options for the varied income strapped homeowners. A networking process will continue with Rural Development and the Maine Department of Economic and Community Development to provide statewide home rehabilitation assistance. The network has been formalized as the Maine Home Repair Network with funding from MSHA, Rural Development, and the Maine Department of Economic and Community Development. Homeowners are provided services by seven Community Action Agencies under contract with the Home Repair Network. MSHA and DECD will continue to support the Network with funds for lead paint hazards. MSHA will continue working with Community Action Agencies to utilize the resources of the MSHA Weatherization program to make basic energy related repairs to over one thousand homes per year. Resources for this program will include HOME dollars, the real estate transfer tax, the U.S. Department of Energy, U.S. Department of Health and Human Services, CDBG, and MSHA's bonding capacity.

Rehabilitation of Investor Owned Structures (High to Low Priority): The need to slow disinvestment in the state of Maine is driven by three factors: the poor quality of housing, the poor quality of some housing markets, and the Preservation Program to keep existing subsidized housing from going "to market". Using the same products outlined in the deep rental subsidy program, MSHA will continue to supplement these with resources to serve smaller unit projects. These will include use of the real estate transfer tax, MSHA bond capacity, and when available, Rural Development funds. In defined community projects, CDBG funds will also be available.

Preservation will continue, although the nature of the program is dependent on actions by HUD. At a minimum, MSHA will continue using its bond advantage to re-write high interest loans to preserve existing projects.

The Lead Paint program, which is designed to serve both owners and renters, was implemented in the 2000. A grant submitted to HUD in 1999 was funded with a goal to rehabilitate 230 units. The total number rehabilitated was 281. A second grant was applied for during 2000 with the intention of rehabilitating 200 more units. The application was unsuccessful. MSHA was successful in acquiring another award in the fall of 2002. The grant started in 2003 with 120 units of the 160 goal abated to-date. MSHA applied for another lead paint grant in May 2004 and was denied funding in September 2004. Where there exist

children in rehab structures, MSHA will continue to require lead paint testing to insure that problems do not exist.

MSHA will also seek ways to expand owner occupied rental housing ownership beyond the existing entitlement communities. Restricted by IRS rules, MSHA will seek other funding sources to underwrite the interest buydown and purchase plus improvement options. Other options may include further subsidies to maintain the low-income rental units and the use of tenant based rental assistance to assist tenant re-location (or subsidy), where the debt structure makes it impossible to maintain the lower rents. HOME funds will continue to support the tenant based rental assistance program.

Homeowner Opportunities (High Priority): Homeownership remains the core work that MSHA and Rural Development deliver in Maine. Flexible underwriting standards will need to be balanced with the abilities of very low-income residents to absorb the responsibility of owning a home. As Maine works to assist low-income buyers, the following activities occur:

- CAPs and housing trusts continue to make use of soft seconds to reduce the cost of buying;
- American Dream Downpayment Initiative (ADDI) funds will be utilized to increase homeownership opportunities;
- CAPs and housing trusts continue to search out the Federal Home Loan Bank system as an option for further subsidy;
- CDBG funds may be used to write down the cost of housing in targeted areas, particularly where they can be applied to owner occupied rental units;
- CEI will be encouraged to serve the niche markets they are serving with foundation funds, particularly persons with disabilities;
- MSHA will continue to use its real estate transfer tax if available to reduce interest rates and provide a source for closing cost and down payment assistance;
- MSHA will work to insure that other critical products from agencies such as Fannie Mae remain available for middle income buyers; and,
- Maine will continue to invest in homeownership training and education programs to assist potential buyers and educate the public on the importance of affordable housing development (and appropriate zoning standards).

Increasing Housing Supply (High Priority): The rise in homelessness in the state is a key indicator that the housing market, in terms of supply and cost, is being stressed. In the short term, Maine will focus on adding rental housing supply to the areas most needing it. A key tool will be the targeting of tax credit dollars to areas of need. Also part of the solution is the Northern New England Housing Investment Fund. The new Affordable Housing TIF will also be utilized to increase the supply of single-family starter homes and multi-family housing.

There are approximately 60,000 mobile homes in Maine with an estimated 7,500 of them being pre-1978. MSHA will work with other funding agencies supporting the Home Repair Network to provide replacement homes for the mobile homes in worst condition and for

other homes requiring rehabilitation far in excess of program funding limits for them to meet housing quality standards.

Reducing NIMBYism and insuring that zoning ordinances do not become “cost restrictive” will require a focused education and marketing program. MSHA NIMBY presentations to various groups will continue and include the distribution of related posters and a video. The technical assistance program and agency marketing skills will continue to be focused on helping communities develop affordable housing.

Special Need Housing (High to Medium Priority): Like other housing need, the special population groups demand exceeds supply across all the different groups. Even if housing dollar support was adequate, there will continue to be limitations on the amount of state service dollars that can be used to support these programs. Competition for the use of Medicaid dollars will also further stress the availability of service dollars. The creation of special need housing will require the communication and coordination of various agencies and partners in meeting these needs with limited resources.

People with mental illness will continue to be at the forefront of housing need in Maine. Of all the special need populations, they tend to require the greatest in innovative housing approaches and connection to services. Persons with mental illness, substance abuse problems, or a combination of both, make up 50% of the population in homeless shelters. Still more are living on the streets or in independent living situations where a group home or transitional housing environment with services would be preferable. MSHA will continue to combine the following resources to serve this population group:

- McKinney money
- General Obligation Bonds
- 501c-3 Bonds
- state HOME dollars through the Supportive Housing RFP process
- federal HOME dollars through the CHDO process
- Department of Health and Human Services (DHHS)
- State Bridging Rental Assistance Program (BRAP)
- Section 8

In developing housing options, MSHA will work with its for-profit and non-profit development community to create housing. At the same time, MSHA will coordinate with DHHS to provide the necessary services and housing supports through their regional delivery network.

The development of housing to serve the frail elderly will continue as a long-term need as Maine’s population ages. Housing developed will be done along a housing continuum extending from seniors living independently to the modestly frail living in assisted living situations, and very frail elderly living in nursing care facilities. MSHA will continue to encourage new and innovative strategies for low-income households including:

- Helping seniors through home improvements including elderly hardship grants

- The creation of assisted living units through a variety of resources, including:
- Tax credits
- Taxable and tax-exempt bond sources
- The use of real estate transfer tax funds
- Encouraging applications to the 202 program, where appropriate
- The creation of traditional senior citizen housing
- The provision of services within existing senior housing to permit aging in place

MSHA will continue to work with the Maine DHHS, Maine Health and Higher Education Facilities Administration, Rural Development, and the Area Agencies on Aging to further develop senior housing options for the frail elderly.

People with mental retardation are in need of unique forms of transitional and permanent housing. Most unique among this population is that the aging of the group may be stressing their older family members, requiring new housing options where the family was once the focus point. Still more will need housing as they return to Maine from institutionalized situations. MSHA will work with DHHS to create these housing opportunities using the non-profit development network and service network. Housing resources will include CHDO dollars, the supportive housing RFP, HUD Section 811 dollars, and non-taxable bonding through MSHA's walk-in program.

People with physical disabilities will be eligible for funding similar to the ones described above, depending on the given situation. MSHA grant and loan funds can be used to make improvements to homes in which the physically disabled live as long as program HOME requirements are met. DECD also provides funding for disability related home rehabilitation needs. Non-federal sources of funding for disability related home rehabilitation will be utilized when available.

Large Families (low priority): Large families face unique challenges in finding available housing when markets are tight. Wherever possible, Maine will work to include the development of three bedroom and more apartments as a mix in its multi-family portfolio. In the slower markets, the condition of housing may create unhealthy living situations for large families. Rehabilitation may be appropriate and will be part of MSHA's and DECD's rehabilitation programs.

Maine's statewide Continuum of Care will continue to develop housing alternatives for persons who are homeless. The need is substantial with transitional housing needed for persons and groups facing some of the most difficult issues. Resources will be made available through traditional sources to create permanent housing for the working poor, while MSHA's supportive housing RFP program and the McKinney funds can be used to create specific types of transitional housing. Other types of transitional or permanent housing will need to be developed for those groups needing on-going services. Tenant based rental assistance and the security deposit program are two methods planned by MSHA to assist the homeless.

2005 ACTION PLAN

HOME Program Activities and Program Specific Requirements

HOME dollars play a major role in assisting existing homeowners through the activities like the home repair program. HOME funds also provide assistance to low-income first-time homebuyers. HOME funds are also distributed through the competitive CHDO process. CHDO projects in the last year have been multi-family projects, and special needs or supportive housing projects.

Spending levels are planned according to the following percentage breakdown for the use of HOME funds:

15% CHDO Set-Aside
26% Home Repair Program (homeowner rehabilitation and replacement)
0% First Time Homebuyer Program
0% People with Special Needs
36% Rental Loan Program
13% Tenant-Based Rental Assistance
10% Administration

The distribution of funding is based on the HOME funding allocation received in 2004. If HOME funding is increased or decreased, the program allocations will be adjusted.

In the following, the programs to be funded with HOME dollars are described. The descriptions are broad in nature and provide general insight into program development. More detailed information is available upon request.

PROGRAMS

A. HOME REPAIR PROGRAM **(HOME \$1,800,000)**

The home repair program is designed to repair single family owner occupied homes. The program is administered by the Maine State Housing Authority and delivered by MSHA and qualified nonprofit lenders who operate the program in their service area. The home repair program provides low interest loans and grants to low income homeowners for home repairs.

The program consists of FedHOME, StateHOME, Maine Municipal Bond Bank, and MSHA bond proceeds. Participating lenders originate loans and the Maine State Housing Authority will purchase home improvement loans after the loan closing. Originating lenders will continue to monitor completion of the rehabilitation. Originators will be MSHA and the Community Action Program network. The criteria, based on present funding levels, is as follows:

Interest Rate:	The interest rate for HOME qualified loans is 0%. Interest rates for loans funded by Maine Municipal Bond Bank and MSHA bond proceeds is 1%.
Loan Terms:	The maximum term is 15 years.
Limit on Loan Amount:	The average loan will be \$15,000 per borrower for general rehabilitation. Replacement homes will also be considered under this program. For pre-1978 homes an additional \$10,000 grant will be available for lead-based paint. Other sources of funds can be leveraged to complete the rehabilitation.
Repayment Terms:	1% Loans will be fully amortizing with level monthly payments of not less than \$25. Deferred forgivable loans must be repaid if resold within five years of the closing date.
Security:	A recorded lien in the form of a mortgage secured by the real property being improved is required for all loans.
Eligible Residences:	Existing single family, owner-occupied residences, including manufactured housing.
Income Limit:	Household income of borrowers cannot exceed 80% of the area median income.
Other Requirements:	New mortgages only, no refinancing. Borrowers must use the home as their principal residence.
Rehab Standards:	All rehabilitation improvements shall be consistent with MSHA rehab standards and local building codes. Lacking local codes, all rehabilitation improvements shall also be consistent with the building codes of the International Code Council (ICC). A HUD environmental review and a state assessment for historical significance must be conducted. The value of the residence, after rehab, must not exceed the applicable FHA 203 (b) mortgage limit for the type of single family housing for the area where the residence is located as established by HUD.

Program Purpose:

The proceeds of the loan shall be used to finance improvements that substantially protect or improve the basic livability or energy efficiency of the housing unit. Residential properties may be improved to comply with state, county, or municipal health, housing, building, fire prevention, and housing maintenance codes or other public standards applicable to housing. All work or construction completed with program funds must be in compliance with all applicable building and housing codes and standards. The entire residence, after rehabilitation, shall be in full compliance with HQS standards.

Handicapped accessibility improvements may include such items as the construction of ramps; installation of handrails and grab bars; replacement of bathtubs with wheel-in showers; lowering of items such as sinks, electrical switches, and cupboards; widening of doorways; and provision of bathroom or bedroom space on the first floor level of the dwelling.

Improvements must be considered to be permanent general improvements. Permanent general improvements shall include additions, alterations, renovations, or repairs upon or in connection with existing structures that substantially protect or improve the basic livability or energy efficiency of the residence. Improvements shall not include materials or fixtures of a type or quality exceeding that customarily used in the locality for properties of the same general type as the property to be improved.

Contracts will include standard dispute resolution options consistent with Maine law.

Agency Coordination: The Maine State Housing Authority, Department of Economic and Community Development, and Rural Development have created the Maine Home Repair Network. The purpose of this network is to streamline the procedures of each of the agencies and to increase access to home rehab services. The agencies have agreed to one application and one set of forms for clients to complete when applying for assistance. If a client does not qualify for one program, he/she may qualify for another and will not have to complete another set of forms to receive assistance. Seven Community Action Agencies are under contract to deliver home rehab services through the Home Repair Network. These seven agencies provide statewide coverage.

B. RENTAL LOAN PROGRAM
(HOME \$2,521,351)

The Maine State Housing Authority offers a subsidized loan program to promote the new construction and rehabilitation of larger rental properties. This year's program will be funded largely through bond capacity and the tax credit program. However, HOME dollars may be used as a subsidy resource for filling gaps. The resource will either go directly to the project or serve to reduce the interest rates. The use of the HOME dollars will depend on the needs of each individual project.

Income eligibility and the number of families served will be consistent with HOME regulations, where HOME dollars are used. In all cases, improvements shall be consistent with HQS standards.

Projects may be one or more buildings that are under common ownership, management and financing. There are no preferences for unit size and style. However, all units must be full residential rental units with a separate bathroom, and with adequate kitchen and sleeping facilities. All units must be located in the State of Maine, must be for year-round non-transient occupancy, and must comply with applicable MSHA, federal, state, and local requirements for the type of housing proposed.

MSHA strongly discourages displacement of households and will require that any unavoidable incidents of displacement or of temporary relocation be addressed in accordance with the Relocation Policy and federal requirements.

C. MULTI-FAMILY HOUSING PROGRAM/CHDO
(HOME \$1,058,649)

The Maine State Housing Authority (MSHA) will use HOME dollars to fund multi-family programs through CHDOs, possibly through a separate competitive RFP program, and can also make multi-family projects HOME eligible for the purpose of creating matching dollars to meet HOME requirements. Low Income Housing Tax Credits have been used as leverage in the CHDO RFP.

The program is designed to serve populations with housing needs as identified in the Consolidated Plan needs assessment. The state views the provision of a continuum of long-term, affordable housing options as the primary strategy for meeting the needs of low and very low-income Maine households. The state's goals include using its resources to encourage the development of housing that is affordable to households earning less than 50%/60% of the median income in a given area.

The program can provide below-market, fixed-rate financing, deferred loans, and various mixes of subsidy and financing, to create multi-family housing in Maine. Funds may be used for the following: acquisition of buildings or property, rehabilitation, new construction, or any combination of these activities.

Program goals include:

- providing a flexible program to finance and respond to a variety of affordable residential opportunities for low and very-low income people;
- maximizing the continuous availability of program loan and subsidy resources;
- allocating MSHA loans and subsidy in a timely, cost-effective manner in order to maximize affordability and benefit;
- leveraging other private and public, local, state and federal resources; and,
- increasing involvement and capacity of nonprofit developers in meeting critical housing needs in Maine.

At a minimum, MSHA will underwrite projects, based on an availability of HUD funding, to ensure:

- minimum level of MSHA subsidy;
- borrower credit worthiness;
- reasonable development costs;
- likelihood and availability of other sources of project financing;
- 85% of appraised value (100% for non-profit applicants);
- adequate debt service coverage;
- loan security; and
- sufficient replacement and operating reserves.

All projects that receive HOME funding or are HOME match eligible will meet the requirements of the HOME rule. Additionally, HOME projects funded through the CHDO RFP process will meet the CHDO requirements.

D. FIRST-TIME HOMEBUYER PROGRAM

(HOME: \$0)

(ADDI: \$218,555)

The goal for using FedHOME funds for homeownership is to maximize access to homeownership opportunities for low-income families. The strategy is to provide these families with purchase financing they can afford.

There are at least three financing models that may be employed. The first is what is commonly known as a “soft-second” mortgage. The concept is to provide financing (using HOME funds) which is subordinate to a conventional amortizing first mortgage. Typically, the subordinate debt does not require immediate amortization through mortgage payments, but remains in place to be repaid at some point in the future. This allows the family to have

funds available to purchase their home but only have responsibility for payments that they can afford.

A second model — interest subsidy — also allows a family to have sufficient funds to purchase a home at affordable payments but calls for one mortgage at below market interest. This is accomplished by making a financial arrangement with a lender whereby HOME funds are made available to the lender in exchange for the lender providing the below market interest rate loan to the homebuyer.

A third, but varied alternative of either of the above, is to mix each with MSHA's conventional first-time homebuyer program. In all cases, homeownership is made available to families that typically cannot afford such homes and need or are in need of short and long term assistance that often requires very deep subsidy.

In the upcoming year, MSHA will work to utilize the FedHOME funds to create low-income homeownership opportunities consistent with one or more of the models identified above.

MSHA will implement the American Dream Downpayment Assistance Program (ADDI) through an upgraded Homebuyer Assistance Program. Elements of the MADI program are detailed below.

Maine's American Dream Initiative (MADI) is designed to provide affordable homeownership opportunities to first-time homebuyers. The program goal is to increase the overall homeownership rate, especially among minority groups as well as individuals and families living in public housing and/or receiving rental assistance from public housing agencies. MADI funding comes from HUD's American Dream Downpayment Initiative and MSHA's Fed HOME allocation. The program is administered by local Community Action Agencies. Assistance is provided through a subordinate mortgage and can be used toward down payment, closing costs, gap financing, and rehabilitation with acquisition.

Eligible Uses: Down payment, closing cost assistance, gap financing, rehab with acquisition.

Eligible Borrowers: First-Time Homebuyers are defined as those persons who have not had an ownership interest in their principal residence in the past three years.

FOR THIS PROGRAM ONLY, the first-time homebuyer definition is expanded to include 'displaced homemakers' and 'single parents' who may have owned a home with his/her spouse previously. This definition does not apply to MSHA's First-time Homebuyer Program(s).

When combining multiple programs, the program with the most conservative guidelines determines eligibility.

Income Limits: Gross annual household income cannot exceed 80% of median

	income, adjusted for family size.
Net Worth:	Follow the guidelines and requirements of all lenders providing financing.
Owner Occupied:	Borrowers must occupy the property as their principal residence within 60 days of closing.
Mortgage Insurance:	MADI may be combined with any insured first mortgage, with prior approval of the Mortgage Insurer.
Underwriting Guidelines:	Follow the guidelines and requirements of all lenders providing financing.
Minimum Cash Contribution:	Follow the guidelines and requirements of all lenders providing financing.
Eligible Properties:	Existing and newly constructed single (one-unit) family homes, condos and post-1976 mobile homes.
Commercial Use Limit:	No more than 10% of the square footage of the residence can be used for a trade or business.
Property Standards:	Each property must meet HUD's Housing Quality Standards (HQS) and all municipal and/or local codes. Property eligibility is contingent on MSHA's receipt and approval of an HQS Report and Environmental Review. MSHA forms must be used.
Purchase Price Limits:	The total acquisition cost of a residence, including any eligible rehabilitation costs, must not exceed purchase price limits.
Loan Amount:	The minimum loan amount is \$1,000 and the maximum is \$10,000. MSHA will consider loan amounts higher than \$10,000 on a case-by-case basis.
Interest Rate:	0%
Term:	The term of the loan is five (5) years.
Form of Assistance:	Assistance is in the form of a deferred, forgivable loan; 20% of the loan amount is forgiven each year.
Recaptured Funds:	Any funds recaptured must be returned to MSHA. Recaptured funds will be reallocated to the Program.
Subsidy Limit:	The total of <i>a//</i> HOME funding, including MADI funding on a given project, cannot exceed the maximum subsidy limits.

Match Requirement:	\$1 match for every \$4 drawn from MADI funding.
Homebuyer Education:	Applicants are required to attend a 10 hour hoMEworks approved homebuyer education course.
Application Process:	Prospective borrowers should contact the CAP agency to inquire about the program. CAP's will pre-qualify the applicant(s) and determine if they are income eligible for assistance. CAPs will process borrowers' application, close the loan, and request reimbursement from MSHA.

E. TENANT BASED RENTAL ASSISTANCE:
(HOME: \$971,891)

This pilot program used FedHOME Tenant Based Rental Assistance funds to assist certain categories of families and individuals in the state of Maine, and in Cumberland, Androscoggin, York, and Penobscot counties. The program will be expanded to cover other areas in the state as needs and funds allow. Participants have to have been homeless for seven or more consecutive days and willing to participate in a self-actualization program. The program is designed to serve those who are unable to find housing due to various factors, including poor references, rental history, or lack of income: due to lack of education or inadequate job training and have been homeless for more than seven days. Marketing is targeted to homeless shelters so that homeless families and individuals will be aware of this program offering, although referrals can come from other sources, such as the Department of Human Services, City Welfare, or Department of Corrections. Preference will be given to individuals and families that fall into one of the following categories:

- Youth (18-24)
- Families
- Individuals referred by Correctional Case Workers or Probation Officers.
- Single individuals with domestic violence issues.

Homeless Needs:

		Total Shelter Bednights July 03 - June 04	
Urban Maine			
Portland		98,051	40.70%
Bangor		34,807	14.45%
Alfred		13,980	5.80%
Lewiston		10,682	4.43%
Brunswick		10,527	4.37%
Old Orchard Beach		10,202	4.23%
Augusta		9,470	3.93%
Ellsworth		5,194	2.16%
Auburn		4,717	1.96%
Waterville		4,637	1.92%
Rockland		4,211	1.75%
Sanford		3,623	1.50%
So Portland		3,383	1.40%
Scarborough		2,385	0.99%
	Total	215,869	
Rural Maine			
Orland		8,088	3.36%
Presque Isle		7,581	3.15%
Rumford		5,228	2.17%
Leeds		2,188	0.91%
Skowhegan		1,641	0.68%
Machias		316	0.13%
Dover-Foxcroft		2	0.00%
	Total	25,044	

Program Verification: Applicants must meet the definition for “homeless” and verification of homelessness as described in MSHA’s Administrative Plan.

A “Homeless Family” includes:

- Any person or family that lacks a fixed, regular and adequate nighttime residence; and
- Any person or family that has a primary nighttime residence that is:
 - A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters and transitional housing); or

- An institution that provides a temporary residence for individuals intended to be institutionalized; or
- A public or private place not designed for or ordinarily used as, a regular sleeping accommodation for human beings.

Verification of chronic homelessness seven days or more shall consist of one of the following:

- Written notice from a shelter where the applicant is residing.
- Written statement from a law enforcement agency, welfare or social service agency, or Department of Corrections certifying the applicant lacks a fixed, regular and adequate nighttime residence, or is spending night times in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Income Eligibility: To be eligible for assistance, household income must be at or below 60% of Area Median Income (AMI) or less, although for 10% of the households served, income may be as high as 80% AMI. Household income will be as defined in the Section 8 program (24 CFR 5.609). The vast majority of those served will be below 50% AMI, but the higher income limits will allow the program to serve the working poor who are nevertheless homeless.

Scope and Length of Assistance: Families will receive subsidy to rent a suitably sized unit that meets Section 8 Housing Quality Standards while they work toward self-actualization. Families leased up under this program will maintain their status on any Section 8 waiting list. The term of the rental assistance will be in six-month or one-year terms, up to a maximum of two years.

Each homeless family or individual will be responsible to pay the greater of 30% of their income or \$50 for gross rent each month. The participating applicants will also be eligible to receive security and utility deposit assistance through the program. The program will provide for financial hardship pursuant to 24CFR 5.630(b) given the clientele it is trying to reach.

Waiting List: A separate waiting list for participants in the program will be established for the Portland and Bangor area. The list will be maintained by the Housing Counselor and the contract agent who administers the rental assistance portion of the program.

Self- Actualization Program: A distinguishing characteristic of the program will be the requirement that each head of household complete a Personal Responsibility Contract (PRC) with the assistance of a Housing Counselor, Service Coordinator, and Probation Officer, if applicable. The team will determine current applicant status in terms of employment, education, technical training, counseling and other forms of social service assistance. The tenant will be asked to identify reasonable, attainable goals in applicable areas. Standard PRC forms will be devised by MSHA staff in collaboration with the other agencies and will be based primarily on comparable forms used by these other agencies.

Housing Counselors: MSHA employs Housing Counselors to cover the various regions of the program. The Housing Counselor will assist the tenant in finding and retaining housing. Applicants will be referred to the MSHA Housing Counselor in order to assess the housing needs of the individual or family.

Program Administration: The rental assistance portion of the program will be administered similarly to the rental assistance programs already operated by the two contract agents, one in the Portland area and one in the Bangor area. The actual transfer of funds will take place via an Administrative Agreement with each agency. Funds will be issued in quarterly increments.

Contract agents will use MSHA's Administrative Plan for determining:

- Verification procedures
- Subsidy Standards – including shared housing
- HQS enforcement and inspections
- Lease approval
- Rent Reasonableness System
- Informal review and hearing procedures
- Utility Allowances

The Rental Assistance Coupon Plus Program began on June 1, 2002. To-date, coupons for Cumberland, Penobscot, Androscoggin, and York counties have been utilized in housing homeless clients. The remaining coupons in all areas are pending and a waiting list has been established.

Non-Allocated Programs:

Because of limitations upon available housing resources, MSHA has not allocated HOME resources to the following programs at this time, but reserves the right to make such allocations during this program year. The decision to shift resources will be based on changes in the market and demand for the product that may occur, as well as having surplus available through one of the other programs. Formally, the MSHA Executive Committee, as part of the strategic planning and goal setting process, reviews the progress of all programs and resource commitments and may decide from time to time to re-allocate those funds. Programs that may receive such allocation funding are:

1. PROJECT REFINANCING

Introduction. In 1996, HUD altered the HOME rule to permit the refinancing of non-federally financed/insured or CDBG housing projects. There may be an instance in 2004 when MSHA determines that this allocation is necessary. If so, the following represents potential program use.

Program Description. HOME funds may be used for refinancing of projects, where such refinancing will be used for rehabilitation projects where subsequent income affordability will be consistent with Section 92.252. Affordability for the project shall remain for a minimum of 15 years and a maximum of 30, depends upon the amount of MSHA and HOME subsidy that are required for the project. At a minimum, the following requirements must also be met:

- Rehabilitation is the primary eligible activity and that requirement is met by establishing a minimum rehabilitation of \$2,500 per unit.
- That after a formal review of the Technical Services staff, the owner can demonstrate that the need is not the product of dis-investment over time and that the new improvements will serve to extend affordability over an established period of time.
- Demonstration that the refinancing will maintain existing affordability or create new affordable units or both.

Given a limitation of resources, preference may be given to non-entitlement areas of Maine. During the year, MSHA will continue to investigate the need for such a program and should it deem it necessary, will create the appropriate program guidelines.

2. RENTAL REHABILITATION PROGRAM

MSHA may consider offering a rental rehabilitation program, depending on the demand for resources during the fiscal year. Should an offering be made the program would promote the rehabilitation of smaller rental properties statewide. Projects may be one or more existing buildings that are under common, existing ownership, management and financing. There are no preferences for unit size and style. However, all units must be full residential units with a separate bathroom, adequate kitchen, and sleeping facilities.

Eligible rehabilitation can include a construction activity to correct unsafe or unacceptable housing conditions, to repair major building systems in danger of failure, to make energy-related repairs, to make improvements necessary to permit the use of rehabilitated projects by persons with disabilities, and to make other essential improvements. Eligible costs may also include demolition, lead based paint abatement, related soft costs, and relocation costs. This program is not intended to be used for the creation of new units, although exceptions can be made in special cases.

The applicant must be the person or entity who owns the project. An ownership entity must be validly existing and in good standing under the laws of the jurisdiction in which it is organized and must be authorized to do business in the State of Maine at the time of application. MSHA requires at least one individual participant in all partnership ownership entities. Except for 501(c)(3), limited equity co-operatives, and governmental entity applicants, sole corporate ownership is not permitted without guarantor(s) acceptable to MSHA.

3. HOME REPAIR GRANT

In the 15 months prior to the suspension of the Fix ME program, home repair program production fell below previous years. The cause for this slowdown appears to be a combination of the following:

- Underwriting practices make it difficult to serve those at 50% of median income or below, despite the fact that they need assistance. Reasons for being turned down include:
 - ⇒ bad credit rating
 - ⇒ inadequate income flow
 - ⇒ high credit to income ratio
 - ⇒ costs and structural problems exceed program requirements
- The remaining market of below median income homeowners is relatively small, making it increasingly difficult to serve that market.
- Consumer confidence has declined in recent months.
- Present delinquency assessments show a tendency towards households that are younger on average and have larger loan payments.

MSHA has redesigned its HOME Rehab Program to enable some households to receive a deferred/forgivable loan or a combination 1% amortizing and deferred/forgivable loan. While deferred/forgivable loans are not technically a grant, the entire debt is forgiven if the homeowner resides in the home for a period of five years from the date of closing. If the owner sells or transfers title within the five year period, the full amount of the loan is due and payable. This financing arrangement has made it possible for Maine's poorest households to make necessary repairs to their homes.

4. Lead Based Paint

The Maine Consolidated Plan, prepared by the Maine State Housing Authority, estimates that there are 63,480 low-income households with lead-based paint in Maine. The people who occupy these units are spread throughout the state. In the fall of 2002, MSHA was awarded a \$2.1 million HUD Lead Paint Hazard Reduction Grant that was used to make Maine homes lead safe.

Of the 63,480 units that have lead based paint, 38,944 are low-income renter units and 24,536 are low-income homeowner units. A further analysis suggests that those with highest risk are the 53,000 owners and 17,000 renters that are cost burdened (spending more than 30% of their income on housing) and receive no housing subsidy.

The highest risk for lead based paint poisoning exists where there is the combination of poverty and older housing. MSHA estimates there are 100,000 such rental units and 150,000 homeowners who are at less than median income and live in a unit with lead based paint hazards. Of those units, MSHA further focused on poverty levels by examining those that are cost burden. There are 64,000 renters at less than 50% of median income and

24,000 rental units that are not subsidized and are at the highest lead based paint risk. There are 49,000 homeowners making less than 50% of median income. These 73,000 units represent the highest risk of housing likely to have lead based paint hazards.

The intention is to expand the capacity of the Community Action Programs in the area of lead hazard reduction. Providing financial resources may be necessary for the maintenance of X-Ray Fluorescence equipment, training, housing inspections/testing, and abatement. Several, but not all, Community Action Agencies have trained lead risk assessors and inspectors on staff. By developing a statewide program MSHA will expand the available expertise to under served communities in the rest of the state.

MSHA has invested over \$50,000 to train general contractors in lead safe renovation work practices. This has resulted in several hundred contractors now able to perform work on federally financed rehab projects. MSHA will continue to invest in building statewide capacity to address Maine's lead paint housing problems.

5. Senior Housing Needs

Maine ranks 9th in the nation for the percentage of citizens aged 75 and above (86,624 persons). The needs of today's and the far larger elder population of the future have been identified as an Emerging Issue for the Maine Housing Authority.

Since the mid 1990's, state human service agency leaders and the legislature have shifted away from expensive institutional care for frail elders and worked to develop affordable residential supportive housing alternatives.

In 2000, MSHA began an assessment of housing needs for seniors to determine statewide development priorities. Important partnerships have been developed with government and local non-profits already providing housing, health, and social services to seniors.

In 2001, an Emerging Issue Team was formed with representatives of all five MSHA program divisions for the purposes of researching, defining needs, and developing program plans for elder housing services. A baseline data base of all housing, congregate services, assisted living, residential care, and nursing facilities in Maine was developed.

The Frail Elderly Affordable Housing Emerging Issue Team adopted a policy direction with the following elements:

1. Build upon and maximize the use of existing housing resources;
2. Plan collaboratively with local, state, and federal agencies to make efficient use of funding resources;
3. Employ MSHA's staff expertise, experience and financial resources to offer a broad range of housing services for frail elders and their families;
4. Create innovative assisted living models and supportive housing programs that will serve frail elders and their families with new options and resources that will forestall use of institutional forms of care; and
5. To the extent possible, direct assisted living project development funds to areas of the state that are in greatest need for these services.

6. Native American and Minority Housing Needs

HUD regulations require an analysis to determine if any racial or ethnic group has disproportionately greater need in comparison to the needs of that category as a whole. Two factors make it difficult to determine if any racial or ethnic group has a “disproportionately greater need.” First, while Maine is the least diverse state in the country, the numbers of racial or ethnic minorities have increased far faster than the population as a whole. MSHA is using 2000 Census data linking ethnic, income, and housing status to determine the housing needs of minority and Native American populations.

Data limitations and the lack of clarification of HUD’s determination of disproportionately greater need made it difficult to identify the extent of minority or Native American housing need for this plan. While there is no direct set-aside of funding for minorities or Native Americans in the plan, MSHA will continue to encourage applications that address low-income housing needs.

MSHA's 2004/2005 Qualified Allocation Plan (QAP) states that projects proposed on Native American tribal lands will be considered a Very High Need Market Area regardless of the targeted population or participation in a set-aside. This allows any tax credit project proposed by a Native American tribe to receive the maximum points in the Project Location scoring category.

It should be noted that MSHA does set aside 3% of its annual Department of Energy (DOE) Weatherization Assistance Program (WAP) dollars specifically to address weatherization needs in homes owned by Maine’s tribes. DOE requires that MSHA set aside a proportionate amount of WAP dollars to the tribes based on Maine’s population. Maine’s tribal population equates to about 1.5% of Maine’s total population. MSHA established a three-percent set aside several years ago and based it on the number of Native Americans who have requested fuel assistance through the MSHA Low Income Housing Energy Assistance Program (LIHEAP). In effect, MSHA doubled its set aside from that which is required to better serve the needs of Maine’s Native Americans.

MSHA trained four Native Americans to perform weatherization work in homes on tribal lands. These individuals are eligible to perform work on a contractual basis and be paid as regular contractors to do this work. MSHA’s intention is that this will not only provide better housing but economic opportunities for these persons.

MSHA has also trained 6 Native Americans to perform rehab work using lead safe work practices. These persons now have an opportunity to perform rehab work on tribal homes to improve their housing stock and increase economic opportunity.

MSHA allocates a portion of its HUD Counseling Grant funds to train and support one-on-one counseling to four Native American Tribes (at five Tribal locations) and develop counseling programs and meet the housing needs of tribal members. Tribal member employees of the Tribal Housing Authorities have completed a MSHA-funded certification training. MSHA continues to use a portion of its Housing Counseling Grant funds each year

to reimburse the tribal Housing Authorities for their costs to provide counseling and/or homebuyer education services in their communities.

MSHA is a participating member of the Wabanaki Housing Circle, in collaboration with HUD, Rural development, and the Native American Tribes in Maine. Through this collaboration, MSHA has identified the need for Native American senior housing in order for elders to remain on Tribal lands. MSHA created a program to address this need by allocating State HOME funds as subsidy awards to develop housing for Native American seniors. In 2001, MSHA awarded \$300,000 to the Passamaquoddy Pleasant Point Housing Authority to develop a 12 unit congregate housing facility in Perry, Maine. The 2002 Native American Supportive Housing Request for Proposal allocated another \$300,000 for senior housing on Tribal lands.

Since 2001, MSHA has set aside StateHOME funds for RFPs for Native American housing. A total of \$900,000 has been awarded for three adult family care homes to help Native American elders remain on tribal land. The first project in 2001 was with the Passamaquoddy Nation in Perry. The second project in 2002 was with the Penobscot Nation on Indian Island in Old Town. The third project was with the Passamaquoddy Nation at Indian township in Princeton. In 2003 MSHA selected a LIHTC project submitted by Passamaquoddy Nation in Perry for 28 units of rental housing for Native American families.

7. Security Deposit Program

Program Overview: This Security Deposit Program will use FedHOME funds to assist families and individuals in the State of Maine, who are homeless. Marketing will be targeted to homeless shelters so that homeless families and individuals will be aware of this program, although referrals can come from other sources, such as the Department of Human Services, city welfare offices or the Department of Corrections. Preference will be given to individuals and families who are homeless. The program will have two components: client intake and preliminary eligibility at the shelters, and program administration of FedHOME funds by contract agents. Clients will be assessed for income and program eligibility at the shelters, with preliminary applications submitted to the contract administrators. Contract administrators will process applications for income verification and Housing Quality Standard (HQS) inspections and issue payments to landlords.

Program Verification: Applicants must meet the definition for “homeless” below and the verification of homelessness as described in the Maine State Housing Authority’s (“MSHA”) Administrative Plan for the Security Deposit Program.

A “Homeless Individual or Family” includes:

- Any person or family who lacks a fixed, regular and adequate nighttime residence; and
- Any person or family who has a primary nighttime residence that is:
 - A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters and transitional housing); or

- An institution that provides a temporary residence for individuals intended to be institutionalized; or
- A public or private place not designed for or ordinarily used as, a regular sleeping accommodation for human beings.

Transitional housing means housing that will facilitate the movement of homeless individuals or families to permanent housing within 24 months and that meets all of the following requirements:

- Is sponsored by a governmental entity or a nonprofit entity that has received a 501(c)(3) determination from the Internal Revenue Service;
- Limits the length of time a person may stay;
- Services a targeted population; and
- Provides some level of service(s) to residents.

Verification of homelessness shall consist of one of the following:

- Written notice from a shelter where the applicant is residing.
- Written statement from a law enforcement agency, a welfare or social service agency, or the Department of Corrections certifying that the applicant lacks a fixed, regular and adequate nighttime residence, or is spending night times in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Income Eligibility: To be eligible for assistance, annual household income must be at or below 60% of Area Median Income (AMI), although for 10% of the households served, income may be as high as 80% AMI. Household income will be as defined in the U.S. Department of Housing and Urban Development's Section 8 program rules ("Section 8"). The vast majority of those served are anticipated to be below 50% AMI, but the higher income limits will allow the program to serve the working poor who are nevertheless homeless.

Scope and Length of Assistance: Only the applicant can apply for security deposit assistance, but the payment will be paid directly to landlords on behalf of qualifying individuals or families to rent suitably sized units that meet Housing Quality Standards. The term of the security deposit assistance will be for up to two months rent for homeless individuals and families. This assistance will be in the form of a grant to the clients.

Waiting List: Separate waiting lists for participants in the program will be established for each homeless shelter. The lists will be compiled and maintained by each shelter administrator.

Leasing Requirements: The lease between the landlord and the individual or family participating in the program will be for a one year term unless the landlord and the tenant agree to a shorter term. The lease would renew automatically unless terminated by either party.

Program Administration: The rental assistance portion of the RAC+ Program will be administered similarly to the rental assistance programs operated by the two contract agents, one in the Portland area and one in the Bangor area. The actual transfer of funds will take place via an Administrative Agreement with each agency.

Contract agents will use MSHA's Administrative Plan for determining:

- Verification of homelessness and income
- Subsidy Standards – including shared housing
- HQS enforcement and inspections
- Lease approval
- Rent Reasonableness System

Allocation and Recapture: MSHA will allocate funds to Contract Administrators based upon eligible bednights per homeless shelter in their administrative areas. MSHA reserves the right to review the balance of funds quarterly and reallocate unused funds to the area of greater needs.

ADDITIONAL HOME PROGRAM REQUIREMENTS:

GEOGRAPHIC DISTRIBUTION

Income eligible citizens, CHDOs, and appropriate development officials may apply for grants or loans from anywhere in Maine.

AFFIRMATIVE MARKETING

MSHA has adopted policies and taken specific steps to eliminate unlawful discrimination in the admission or access to all of its HOME funded programs. Highlights of the MSHA Affirmative Marketing policy include the following:

Developers and applicants for HOME funded programs are notified in program materials, notices, and advertisements that MSHA does not discriminate on the basis of race, color, religion, national origin, ancestry, age, or physical or mental disability in the admission or access to, or treatment or employment in, its HOME funded programs.

Applicants for HOME funded programs are notified that MSHA will make HOME-funded programs and services accessible to the maximum extent feasible by providing appropriate auxiliary aids and services in connection with an accessible location for program meetings.

Developers are notified in the application process of the affirmative marketing requirement, and mortgage documents will require developers to comply with Affirmative Marketing and Fair Housing laws.

Loan recipients will be required to follow prescribed policies to solicit tenant applications from those least likely to apply. Marketing of vacant units will require the use of the Equal Opportunity Logo or slogan in any advertisement.

Loan recipients will be required to maintain a record of tenant applications submitted by prospective tenants. The required records will identify applicants by race, ethnicity, and gender group. MSHA will audit these records based on HUD standards.

MSHA will provide loan recipients with Fair Housing posters to display in their office or common areas, and with Fair Housing brochures to be distributed to current and prospective tenants.

Loan recipients must retain copies of all advertisements and make them available to MSHA upon request.

MSHA will make every effort to help loan recipients remain in compliance with affirmative marketing requirements through responding to requests for information on the fair housing laws and by conducting periodic training on fair housing law issues. However, compliance with affirmative marketing and fair housing law requirements is the responsibility of the loan recipient, and failure to comply will be treated as a violation under the terms of the mortgage.

MSHA will continue to participate and, at times, host meetings of the Wabanaki Housing Circle. Representatives from the Native American tribes have included Maliseet, MicMac, Penobscot, and Passamaquoddy. Other participants at the monthly meetings include HUD, DECD, Rural Development, and the Veterans Administration. MSHA's Development and Homeownership Divisions has been an active participants in this initiative. The Homeownership Division will expand its provision of homebuyer education outreach. MSHA has been unable to offer traditional homebuyer programs because of our bond resolution requirements, and traditional lenders are unable to offer mortgages because of the ownership restrictions on tribal property. Lenders can offer home mortgages by using MSHA's mortgage insurance program for Penobscot and Passamaquoddy lands.

In August 1999 Maine State Housing Authority surveyed tenants residing in housing financed by three of its programs: New Lease, Rental Loan Program, and Section 8 New Construction. Ninety-two percent of the respondents were white, and 7 percent were Native American. In July 1999 MSHA survey customers of the home repair program. Five percent of the respondents were Native American. Maine's population of Native Americans is 0.5 percent. It appears that MSHA's outreach has been successful.

MINORITY AND WOMEN BUSINESS OUTREACH

MSHA will continue to carry out a minority and women owned business outreach program to ensure the inclusion of women and minorities, and businesses owned by women and minorities, including, without limitations: real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services. MSHA has designated a Minority and Women Owned Business outreach officer to ensure compliance. The plan includes the following:

Collecting existing lists of minority and women owned enterprises in the state and adding these to solicitation lists. These lists will be updated on an annual basis. Making such solicitation lists available to applicants under HOME funded programs where appropriate.

Where economically feasible, required work will be divided into smaller tasks and delivery schedules will be designed to permit maximum participation by small, women, and minority owned businesses.

RESALE PROVISIONS

Resale and recapture provisions upon the sale of appropriate properties shall be consistent with the requirements of the HOME program and with any other specifics identified in each individual Financial Agreement package.

Emergency Shelter Grants Program

Introduction: The program is administered by the U.S. Department of Housing and Urban Development, which will oversee Maine State Housing Authority (MSHA) compliance with federal program regulations. The program that follows is based on funding at present levels with change subject to shifts in federal allocation formulas.

The ESG Program is designed to help improve the quality of existing emergency shelters for homeless persons and families and to help provide certain essential services to individuals and families that are homeless, so that these persons have access not only to safe and sanitary shelter, but also to the supportive services and other kinds of assistance they need to improve their situations. To help meet the costs of operating emergency shelters, the program is also intended to restrict the increase of homelessness through the funding of preventive programs and activities. ESG grant funds may therefore be used for the above activities.

This funding opportunity is available to existing emergency shelters throughout the state. ESG funds will be awarded by MSHA to homeless shelters sponsored by non-profit organizations and local municipalities.

In addition to the ESG funds, MSHA also provides roughly 2.4 million dollars in State Shelter Operating Subsidy monies and proceeds from Financial Adjustment Factor funds. The total amount of funding is roughly \$2 million. All funds will be parceled out to the existing emergency shelters on a formula basis that is weighted for 30% bed capacity, 10% for an even across the board formula and 60% for bednights/occupancy normalized to the statewide median length of stay. In addition, a cap of 7.5% was set as the maximum amount of total dollars that can be received from the state, with the monies over the cap being reallocated to the rest of the shelters based on their fair share, with the exception that 3.77 % of funding (approximately \$110,000) goes directly to existing day shelters (as of 1996) to provide needed supportive services.

With this formula, MSHA and partners worked out a basic threshold criteria that shelters shall meet in the upcoming year, in addition to state and federal regulations. Agencies not meeting state and federal regulations will not receive funding:

- a. Each recipient must be a municipality or nonprofit corporation registered with the state of Maine.
- b. Each recipient must provide emergency shelter to homeless persons. An emergency shelter is defined as a temporary place for persons in an emergency situation to stay, not to exceed a forty five day period, and must have the capacity to shelter and accept inquiries at all hours. A homeless person is defined as an individual or family that lacks a fixed, regular and adequate nighttime residence, including those already living in a shelter.
- c. Each recipient must provide, safe, decent emergency shelter nightly for an entire year, have at least six beds available and demonstrate an average of at least 15

bednights per month to be eligible to receive funds in the capacity and occupancy sections of the funding formula.

d. Each recipient must demonstrate staff capacity to conduct intake and assessment of homeless persons. Each recipient must provide supervision and referrals to appropriate supportive services. Each recipient must also demonstrate the capacity to provide support activities that will result in homeless prevention.

e. Each recipient must operate its shelter facility in compliance with all applicable federal, state and local building codes, laws and regulations, not be delinquent with any debt payments with MSHA and have repaired any issues identified through prior MSHA monitoring.

f. Each recipient must be current in the required monthly and biannual reports to MSHA regarding shelter usage.

g. Each recipient's shelter activity must be consistent with and meet the needs identified by the Consolidated Plan for homeless persons.

h. Each recipient must be able to demonstrate the administrative and financial management capacity necessary to accept and account for the use of public funds.

Emergency Shelter Grant Uses: Emergency Shelter Grants may be used for the following:

- Maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings provided no more than 10% of a grant is used for cost of staff;
- Essential Services provided the Essential Services are new or a quantifiable increase over those provided by local government and no more than 30% of a grant is used for Essential Services;
- Homeless Prevention Services provided no more than 30% of a grant is used for Homeless Prevention Services;
- Major rehabilitation or conversion of a building if the building will be used as an Emergency Shelter for 10 years and meets safety, sanitation, and environmental standards imposed by the McKinney Act;
- Minor rehabilitation if the building will be used as an Emergency Shelter for 3 years and meets safety, sanitation, and environmental standards imposed by the McKinney Act.

Other Grant Uses:

A. Notwithstanding the priorities described above, MSHA shall set aside \$300,000 for a competitive request for proposal process for emergency shelters. If there is not revenue available to fund all RFP submissions, the submissions will be scored on the basis of the following:

1. the degree the applicant targets the basic shelter needs of homeless persons (distinct from specialized treatment-oriented facilities);

2. the degree the funding would decrease the risk of being homeless;
3. the level of demand for the applicant's emergency shelter (considering occupancy, number of homeless persons served, number of referrals to other more appropriate shelter, number of bednights, and available alternatives for shelter); and
4. Other criteria announced by the Authority.

Authority's Discretion: The Authority reserves the right to suggest changes to RFP submissions and to limit awards to ensure geographic diversity.

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