



Memorandum

To: Senator Amy Volk, Chair
Representative Erin Herbig, Chair
Members of the Joint Standing Committee on Labor, Commerce,
Research, and Economic Development

From: Peter Merrill, Deputy Director

Date: March 12, 2015

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

Attached please find a REVISED report on the status of the Maine Energy, Housing, and Economic Recovery Program. I apologize for the confusion. This report is required to be submitted to the Committee annually. If you have any question, please contact me at 626-4608 or pmerrill@mainehousing.org. Thank you for your interest.

The Maine Energy, Housing, and Economic Recovery Program

2014 Annual Report

To the Joint Standing Committee on Labor, Commerce, Research, and Economic Development

The Program

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

The 124th Legislature responded to the dramatic increase in energy prices in 2008 by creating the Joint Select Committee on Maine's Energy Future. That Committee crafted an omnibus energy bill, the centerpiece of which was the creation of the Efficiency Maine Trust. That legislation included the Maine Energy, Housing, and Economic Recovery Program.

Funding

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

Uses

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

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

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

Bonds

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

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

The rating agencies looked at the history of the state's share of the transfer tax over the past ten years and concluded, similar to the way TransCap was treated, that they were not comfortable if the annual debt service payments for the Part E bonds exceeded more than 50% of the lowest years of that revenue history. They also insisted that no additional bonds be sold unless the overall total of debt service met was under the 50% threshold.

Report

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

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

The required information is compiled on the following chart.

Conclusion

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

Allocation of Part E Funds - 2014 Report to the Maine State Legislature									
Project Name	Project Location	Rural and/or Islands?	Construction Start Date	Part E Funds Allocated	Total Project Development Cost	Number of Affordable Units	Construction Jobs Created/Retained	Construction Wages	Cost of Building Materials
Projects Serving Seniors									
Healy Terrace	Lewiston		2/14/2011	\$407,477	\$8,746,251	32	404	\$2,087,764	\$3,371,228
Stoncrest Manor	Standish		4/5/2012	\$1,185,101	\$4,329,406	25	434	\$597,679	\$1,814,180
Chamberlain Place	Brewer		7/24/2012	\$1,325,080	\$4,644,635	32	280	\$651,133	\$1,420,341
Danforth on High	Portland		8/15/2012	\$1,408,637	\$5,552,304	34	173	\$1,244,200	\$732,110
The Meadows	Ft. Fairfield		9/7/2012	\$1,300,000	\$4,205,066	25	353	\$611,646	\$1,370,242
Leonard Lake	Ellsworth		8/8/2013	\$63,233	\$4,613,409	26	189	\$1,746,593	\$1,006,307
River Landing	Topsham		6/12/2014	\$924,753	\$5,581,290	36	168	\$396,059	\$1,088,948
Ridgeland Gardens	S. Portland		10/2/2014	\$2,717,320	\$6,657,000	44			
Young St	S. Berwick		12/12/2014	\$1,295,794	\$5,424,871	28			
Ridgewood II	Gorham		2015	\$1,648,076	\$5,158,338	24			
Mission Hill Senior	Biddeford		2015	\$600,000	\$2,982,052	15			
Subtotals				\$12,875,471	\$57,894,622	321	2,001	\$7,335,074	\$10,803,356
Projects Serving Any Age									
Hillside Apartments	Vinalhaven	Yes	11/30/2010	\$450,000	\$1,537,809	6	49	\$285,000	\$285,100
Oak St Lofts	Portland		3/31/2011	\$3,652,704	\$6,348,449	37	286	\$1,518,825	\$2,406,052
105 Main Street	North Haven	Yes	9/22/2011	\$355,000	\$481,411	2	43	\$168,829	\$88,018
Old Gilkey Rd	Islesboro	Yes	12/5/2011	\$355,000	\$502,992	2	26	\$103,240	\$300,947
Lofts at Bates Mill	Lewiston		1/20/2012	\$836,679	\$9,199,487	33	665	\$1,789,273	\$3,262,715
Schoolhouse Road	Chebeague	Yes	4/24/2012	\$355,000	\$414,477	2	37	\$142,100	\$167,725
Luther St	Peaks Island	Yes	7/24/2012	\$355,000	\$600,000	2	54	\$263,974	\$187,544
Scattered Site project	Isle au Haut	Yes	7/25/2012	\$355,000	\$571,576	2	113	\$181,772	\$240,755
Rivershore Place	Auburn		9/28/2012	\$1,200,000	\$5,183,162	22	284	\$826,763	\$2,026,378
Hycinth Place	Westbrook		10/31/2012	\$455,050	\$9,563,464	37	846	\$1,623,848	\$3,307,943
Osprey Circle	South Portland		5/29/2013	\$724,847	\$6,769,294	48	331	\$1,646,454	\$2,987,597
409 Cumberland Ave	Portland		12/5/2013	\$1,225,000	\$10,177,521	46	761	\$1,182,653	\$2,912,882
Cranberry Island	Cranberry Isle	Yes	4/1/2014	\$355,000	\$628,803	2	121	\$211,786	\$219,477
North View Apts	Dover-Foxcroft		10/31/2014	\$1,625,578	\$4,986,899	24	15	\$78,000	\$49,500
Washington Ave Eff.	Portland		Spring 2015	\$1,260,000	\$3,021,686	18			
Village Centre	Brewer		2015	\$1,395,000	\$9,570,322	48			
Subtotals				\$14,954,858	\$69,557,352	331	3,631	\$10,022,516	\$18,442,633
Projects Serving Special Needs									
5 Colby Lane	Kennebunk		3/15/2011	\$295,000	\$425,355	3	26	\$80,000	\$52,200
3 Parris St	Portland		6/5/2012	\$888,783	\$1,223,832	8	136	\$306,842	\$169,468
2-4 Pebble Lane	Sanford		6/13/2012	\$450,000	\$460,000	5	22	\$67,000	\$115,000
16 Gilman St	Waterville		7/19/2012	\$297,335	\$594,670	4	42	\$37,702	\$65,807
67 Silver St	Waterville		7/19/2012	\$299,835	\$599,670	4	34	\$35,529	\$54,879
Knights Court	Bangor		8/22/2012	\$1,190,500	\$1,190,500	8	93	\$321,682	\$443,793
6 Mousam St	Sanford		11/15/2012	\$500,000	\$875,000	4	48	\$113,500	\$160,500
82 Silver St	Waterville		12/4/2012	\$621,750	\$621,750	4	37	\$58,489	\$64,433
Safe Start/270 Main	Waterville		5/17/2013	\$350,000	\$566,506	4	72	\$205,521	\$255,698
Pine/Trafton St	Sanford		6/21/2013	\$292,038	\$584,076	4	90	\$186,010	\$112,806
54 Silver St	Waterville		7/2/2013	\$335,400	\$670,800	4	111	\$170,287	\$252,194
St. Joseph School	Lewiston		11/14/2013	\$455,082	\$1,300,000	20	65	\$293,760	\$97,961
169 Holland St	Lewiston		12/1/2013	\$283,400	\$284,300	2	22	\$58,785	\$60,411
7-9 School St	Waterville		4/7/2014	\$700,000	\$700,000	4	124	\$156,166	\$193,515
Hope House Center	Bangor		5/14/2014	\$1,800,000	\$2,283,000	24	130	\$334,010	\$645,933
76 Pier St	Bangor		8/1/2014	\$700,000	\$700,000	4	15	\$75,371	\$92,122
214-216 Danforth	Portland		8/22/2014	\$829,899	\$701,495	6	71	\$183,648	\$237,851
19 School St	Ellsworth		10/10/2014	\$1,043,000	\$1,043,000	6			
70 South St	Biddeford		11/20/2014	\$592,507	\$592,507	4			
34 Charles St	Sanford		2014	\$230,000	\$230,000	2			
Subtotals				\$12,154,529	\$15,646,461	124	1,138	\$2,684,302	\$3,076,571
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Project Name	Project Location	Rural and/or Islands?	Construction Start Date	Part E Funds Allocated	Total Project Development Cost	Number of Affordable Units	Construction Jobs Created/Retained	Construction Wages	Cost of Building Materials
Projects Replacing Manufactured Homes									
Mobile Home Replacement Project	Statewide		2010	\$2,040,896	\$2,040,896	25	26	\$290,601	\$670,727
Penquis/Pathways Replacement Project	Penobscot County		2011	\$186,626	\$371,585	4	16	\$381,774	\$245,718
Mobile Home Replacement Initiative	Statewide		2014	\$1,230,000	\$3,182,000	40	185	\$232,507	\$1,653,792
Subtotals	50 projects			\$3,457,522	\$5,594,481	69	227	\$904,882	\$2,570,237
Total				\$43,442,380	\$148,692,916	845	6,997	\$20,946,773	\$34,892,797
Use of Part E Funds Summary									
	Total Funds	of Funds							
Total for Senior Housing	\$12,875,471	29.6%							
Total for Any Age Housing	\$14,954,858	34.4%							
Total for Special Needs Housing	\$12,154,529	28.0%							
Total for Manufactured Housing replacement	\$3,457,522	8.0%							
Total Rural/Islands	\$2,580,000	5.9%							

Prepared by MaineHousing

