Housing Opportunities for Maine Fund (HOME Fund)

Report to the Maine Legislature on HOME Fund uses 2009-2010

April 2011
“MaineHousing has been a great partner. They not only help finance our emergency shelter, they also work with us on longer term solutions.”
Dean Lachance, Executive Director, Bread of Life, Augusta

“I had no money. I had no job… I was in a very desperate situation. I’ve never asked for help. They helped me. I can’t thank them enough. I can’t thank them enough at all.”
Pamela Vanorse, Rockland

Bread of Life operates an emergency shelter, soup kitchen, 17 transitional housing units, 64 permanent housing units, case management services, and a donation center. It’s developing a day care center and life care center.

“I’m very pleased with my new home, and it helped me out a lot. I am still overwhelmed.”
Michelle Lyon, Augusta

Michelle participated in the program that replaces pre-1976 mobile homes with new energy efficient models. The program targeted the homes with the highest energy usage. An independent analysis found the new models would save the owners an average of more than $2,000 a year in energy costs.
What is the HOME Fund

Maine’s Legislature and Governor created the Housing Opportunities for Maine (HOME) Fund in 1983 to provide a flexible financial resource to help MaineHousing address the state’s affordable housing needs. To provide a steady and dedicated revenue source, the Legislature doubled the Real Estate Transfer Tax.

We do not use any HOME Fund money for salaries or administrative costs of the agency, but its flexibility enables us to use it for a wide variety of housing initiatives.

MaineHousing’s policy has been to use the HOME Fund to meet the most pressing housing needs that cannot be financed with federal housing funds, and these needs change over time. When mortgage interest rates were high, for example, we used the HOME Fund to reduce rates and provide down payment assistance. In 2009-10, interest rates were low and we were able to use resources we created with our revenue bonds to meet the upfront payment requirements. That means we were able to focus more HOME Fund resources on home repair and energy conservation.

At other times we have used the HOME Fund to finance supportive housing for people with special needs. We also use it to fill critical funding gaps in the financing of affordable rental housing projects, and to fund initiatives where we have no other funding sources, such as making housing more accessible. We often use it to leverage federal housing resources, such as providing $1 million to leverage a $3 million federal grant to make homes safe from lead paint hazards.

Over the past 10 years we have used the most HOME Fund (see graph on page 4) to help create housing for our most vulnerable population, people who are homeless. This is in part because of the need, and in part because it is either prohibited or impractical to use most federal housing resources to finance housing for them.

Title 36, Section 4641-N of the Maine Revised Statutes requires that the “Maine State Housing Authority shall submit a report to the joint standing committee of the Legislature having jurisdiction over taxation by April 1, 1987, and each 2 years thereafter. The report shall cover the 2 prior fiscal years of the authority and shall identify the amount of revenues under this chapter that have been credited to the Housing Opportunities for Maine Fund and the manner in which those funds have been used.”
HOME Fund 2009-10

The HOME Fund helps MaineHousing invest in Maine’s economy. We use the HOME Fund to leverage federal housing funds and private bond capital from investors, and use the revenue to serve our most vulnerable residents. Over the past two years we have used HOME Fund money for such things as:

- Supporting Maine’s network of emergency shelters
- Preventing homelessness
- Providing supportive housing
- Making homes safe from lead paint hazards
- Repairing homes of low-income residents
- Replacing old, unsafe mobile homes
- Keeping seniors safe and warm in their homes
- Funding accessibility improvements
- Filling funding gaps in affordable rental developments

Many of these initiatives generate employment in Maine's housing industry while providing affordable housing that working people need. In order for Maine to add jobs, it must have housing that workers can afford; affordable housing is where a good job spends the night.

The HOME Fund represents only a small portion of our overall funding, but it plays a critical role because it is not restricted by unnecessary red tape. We can – and do – use it where it is needed most to benefit Maine residents.

Interior of Florence House in Portland, which provides 25 affordable units and 15 safe haven beds for women who were homeless.

In 2009-10 MaineHousing invested nearly $2 million of HOME Fund money in home repairs and nearly $1 million in weatherization. Both improve Maine’s housing and create jobs for Maine workers.

Market Square Commons in Houlton, providing 28 units of affordable housing to area seniors. It is the first development creating new affordable housing in Aroostook County in 15 years.
HOME Fund Expenditures by Program Area

**2002 – 2010**

- **Homeless Assistance**
  - $40,465,364
  - 54.7%
- **Home and Energy Improvement**
  - $14,348,545
  - 19.4%
- **Renters Needing Assistance**
  - $8,022,095
  - 10.9%
- **Supportive Housing**
  - $6,974,362
  - 9.4%
- **Home Buying Assistance**
  - $4,119,982
  - 5.6%

**2009 – 2010**

- **Homeless Assistance**
  - $11,312,437
  - 54.4%
- **Home and Energy Improvement**
  - $6,614,579
  - 31.8%
- **Renters Needing Assistance**
  - $1,288,906
  - 6.2%
- **Supportive Housing**
  - $600,000
  - 2.9%
- **Home Buying Assistance**
  - $976,248
  - 4.7%
MayneHousing HOME Fund Receipts and Expenditures
2002 - 2010 (Cash Basis)

* 2009-10 show high levels of expenditures because several affordable rental developments were completed. We committed HOME Fund money to these developments in earlier years, when we approved the housing, but we do not actually spend the HOME Fund money until the housing is completed.
## HOME Fund Investments 2009 – 2010

<table>
<thead>
<tr>
<th>Program Area</th>
<th>Program Description</th>
<th>HOME Fund Investment 2009</th>
<th>HOME Fund Investment 2010</th>
<th>Households / Units Served 2009-2010</th>
<th>Leveraged or Matching Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Home Buying Assistance</strong></td>
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<tr>
<td>Maine HOPE Program</td>
<td>A foreclosure prevention program that defers up to four mortgage payments for MaineHousing borrowers who lose their jobs.</td>
<td>$364,228</td>
<td>$251,580</td>
<td>185 households</td>
<td>$18,321,244</td>
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<tr>
<td>MADI Program</td>
<td>Down payment and closing cost assistance for low income borrowers.</td>
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<tr>
<td>Family Development Accounts¹</td>
<td>Matching funds to help low-income families save for a down payment on a home.</td>
<td>$150,000</td>
<td>$150,000</td>
<td>N/A</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Home Improvement</strong></td>
<td></td>
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<tr>
<td>Lead Hazard Control Program</td>
<td>Matching funds for a federal grant that makes low income homes lead safe.</td>
<td>$137,174</td>
<td>$381,557</td>
<td>106 households</td>
<td>$1,600,000</td>
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<tr>
<td>Home Repair Program</td>
<td>Help with necessary home repairs for low-income homeowners.</td>
<td>$889,338</td>
<td>$1,091,319</td>
<td>200 households</td>
<td>$638,912</td>
</tr>
<tr>
<td>Home Retro Program</td>
<td>Home accessibility improvements for people with physical disabilities.</td>
<td>$496,482</td>
<td>$478,739</td>
<td>64 households</td>
<td>$38,912</td>
</tr>
<tr>
<td><strong>Energy Assistance</strong></td>
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<tr>
<td>State Weatherization Program</td>
<td>Low income home energy audits and weatherization to build on a program funded through a $500,000 grant from the Energy &amp; Carbon Savings Trust.</td>
<td>$637,550</td>
<td>$315,489</td>
<td>313 households</td>
<td>$500,000</td>
</tr>
<tr>
<td>Keep ME Warm Program</td>
<td>Training classes in winterizing homes for local energy emergency response teams.</td>
<td>$57,541</td>
<td>$129</td>
<td>10 classes on winterizing homes</td>
<td>$0</td>
</tr>
<tr>
<td>Mobile Home Replacement</td>
<td>Financing for low-income homeowners to replace pre-1976 mobile homes with new, ENERGY STAR® rated replacement homes.</td>
<td>$1,206,420</td>
<td>$922,841</td>
<td>52 households</td>
<td>$0</td>
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<tr>
<td><strong>Homeless Assistance</strong></td>
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<tr>
<td>Funds to Supplement SOS</td>
<td>Shelter operating funds to supplement those provided by the Shelter Operating Subsidy (SOS) program.</td>
<td>$1,826,000</td>
<td>$1,857,000</td>
<td>7,332 homeless individuals - 296,675 bednights in 2010</td>
<td></td>
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<tr>
<td>Emergency Winter Response Program</td>
<td>Funding for homeless service providers to temporarily shelter people who are homeless off site when area emergency shelters are full.</td>
<td></td>
<td>$27,543</td>
<td>121 people</td>
<td>$0</td>
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<tr>
<td>Shelter Repair Program</td>
<td>Grants to emergency shelters for life-safety and other repairs.</td>
<td>$1,964</td>
<td></td>
<td>1 shelter</td>
<td>$0</td>
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<tr>
<td>Homeless Prevention Program</td>
<td>Funding for Pine Tree Legal Assistance to prevent illegal evictions.</td>
<td>$75,000</td>
<td>$140,000</td>
<td>N/A</td>
<td>$0</td>
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<tr>
<td>Family Stabilization Program</td>
<td>Assistance to help families at risk of homelessness remain in their current housing. Additional funding (TANF) provided by the Maine Department of Health &amp; Human Services.</td>
<td>$100,000</td>
<td>$151,000</td>
<td>520 households</td>
<td>$1,000,000</td>
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<tr>
<td>Homeless Development Projects</td>
<td>Financing for construction of permanent or transitional housing for people who are homeless.</td>
<td>$3,148,212</td>
<td>$3,985,718</td>
<td>67 units</td>
<td>$4,479,078</td>
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<tr>
<td><strong>Renters Needing Assistance</strong></td>
<td></td>
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<tr>
<td>Rental Development Projects</td>
<td>Financing for construction of affordable rental housing for low-income families and seniors.</td>
<td>$446,521</td>
<td>$832,385</td>
<td>79 units</td>
<td>$8,496,421</td>
</tr>
<tr>
<td>Brunswick Naval Air Station</td>
<td>Seed money for a $100,000 housing study.</td>
<td>$10,000</td>
<td></td>
<td></td>
<td>$90,000</td>
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<tr>
<td><strong>Supportive Housing</strong></td>
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</tr>
<tr>
<td>Supportive Housing</td>
<td>Financing for construction of housing for people with special needs.</td>
<td>$600,000</td>
<td></td>
<td>5 units</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td>$10,146,430</td>
<td>$10,645,740</td>
<td>8,952 households/people</td>
<td>$35,242,939</td>
</tr>
</tbody>
</table>

¹MaineHousing contributes funds which are used as a 4 to 1 match dollars saved by low income households saving for down payment for a home.

"n/a" means non-applicable.
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