



Building Opportunity through
Quality Affordable Housing

MaineHousing Federal Funds Report 2019

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Mission

The mission of MaineHousing is to assist Maine people in obtaining and maintaining quality affordable housing and services suitable to their housing needs.

Vision of Success

All Maine people have the opportunity to live in quality affordable housing.

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Total 2019 Federal Housing Investment

\$420.5 million

\$153 million in Home Purchase

\$121.7 million in Rental Housing Development

\$40.5 million in Energy Assistance

\$1.1 million in Home Improvement

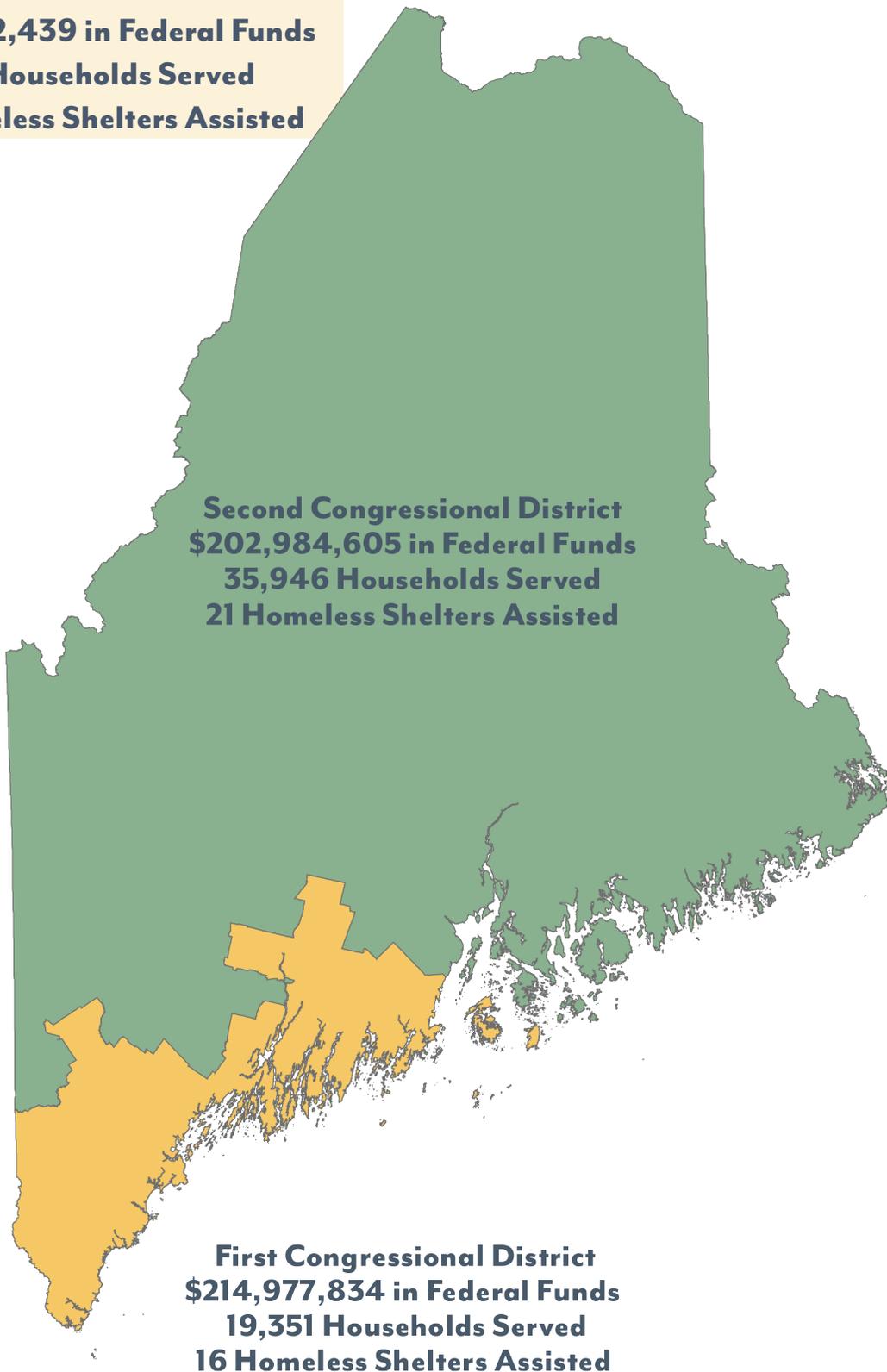
\$100.7 million in Rental Assistance

\$3.5 million in Homeless Assistance



Maine 2019 Federal Funds

\$417,962,439 in Federal Funds
55,297 Households Served
37 Homeless Shelters Assisted



2019 Federal Awards

In addition to the federal resources outlined below, MaineHousing received a grant for which we did not expend funds in 2019. We were awarded \$3,250,000 for a **Homeless Youth Demonstration Project** grant. This grant will support the creation of a Coordinated Community Response (CCR) to end and prevent youth homelessness. The CCR will identify the strengths, gaps and challenges to the existing youth homelessness response system and recommend strategies to improve the system and outcomes for youth experiencing homelessness up to age 24. Since Maine has been identified as a rural community, there will be an emphasis on improved and increased access to services specific to youth experiencing homelessness in rural communities. After the CCR is created, non-profit, faith-based, and government agencies will have an opportunity to apply for subgrants to create new and innovative programs to end and prevent youth homelessness. This funding will also fund the position of a Youth Homeless Project Coordinator at MaineHousing. Maine is one of only a few rural communities to receive this funding.

How MaineHousing Uses Federal Resources

2019 federal funding in italics)

Expand Affordable Housing Opportunities

Home Purchase

Tax Exempt Bonds

\$152,985,403

1,119 households

The sale of tax exempt bonds provides the funding for the purchase of mortgage loans that have been originated and closed by the network of lender partners who offer our First Home Loan program to first-time homebuyers. The mortgage payments made on these loans are the source of revenue used to pay a majority share of MaineHousing's annual operating expenses. In 2019, 1,119 Maine households utilized the First Home Loan program to purchase their first home.

Rental Housing Development

Low Income Housing Tax Credits, HOME Partnership, and Housing Trust Fund

Constructed: \$52,628,752; Financed: \$69,026,951

781 units constructed; 546 units financed

Low Income Housing Tax Credits, the HOME Partnership, and the Housing Trust Fund are our primary sources of funding for new affordable rental housing. MaineHousing uses a competitive scoring process to allocate tax credits among proposed housing developments to ensure we are serving areas with the greatest needs. In 2019, these funding sources provided over \$52 million for the construction of 781 units, and \$69 million for the financing of 546 units. Among those units completed were 559 preserved (rehabilitated) affordable housing units.

Improve and Preserve the Quality of Housing

Energy Assistance

Central Heating Improvement Program (HEAP)

\$4,752,885

1,615 households

The Central Heating Improvement Program (CHIP) provides grants for home heating systems repair and replacement. In 2019, MaineHousing improved heating in 1,615 households.

Home Energy Assistance Program (HEAP)

\$29,042,980 for fuel assistance for the 2018-2019 heating season

38,981 households

MaineHousing uses HEAP funds to provide heating assistance to low-income households, including emergency funds for lower-income households experiencing an energy emergency. In 2018-2019, MaineHousing assisted 38,981 homes with their energy expenses.

Weatherization Assistance Program

\$6,700,874

415 households

MaineHousing's Weatherization Program provides grants to low-income homeowners and renters to reduce energy costs by improving home energy efficiency. Weatherization improvements may include insulation, weather-stripping, caulking, and some safety-related repairs. HEAP Weatherization funding is used in conjunction with the Department of Energy (DOE) Weatherization Assistance Program funding. In 2019, over \$6.7 million was invested in HEAP and DOE funding to weatherize 415 Maine households.

Home Improvement

Lead Demonstration Grant

\$1,132,626

116 households

MaineHousing offers programs that provide grant opportunities to single-family households and owners of rental properties in Maine to help make their homes and rental properties lead safe. Priority for program funds are granted to abatement projects for housing in which a child resides and who has been determined to have an elevated blood lead level. In 2019, MaineHousing remediated lead problems in 116 Maine homes.

Help Maine People Attain Housing Stability

Rental Assistance

Section 8 Project Based Rental Assistance

\$74,038,782

8,050 households

This rental assistance is committed to properties that were developed during the 1970s and early 1980s before the housing program was terminated by Congress. This assistance allows these apartment projects to remain as affordable housing for low-income seniors and families who pay no more than 30% of their adjusted income for rent while living in these properties. In 2019, MaineHousing administered rental assistance to 8,050 renter households statewide.

Section 8 Voucher Program

\$26,639,499

3,609 households

Rental assistance is provided to individuals and families who can use the assistance in any privately owned apartment that meets HUD quality inspection standards and where the owner agrees to sign a Housing Assistance Contract with MaineHousing. A percentage of the vouchers are targeted to serve specific populations, such as veterans, people who are homeless, or households who participate in a program helping them become self-sufficient. In some instances, vouchers can be used to help finance a home mortgage. MaineHousing administers 28% of Maine vouchers, and in 2019, we provided 3,609 renters with vouchers.

Homeless Assistance

Funding Emergency Shelters and Navigators

\$1,352,455

36 shelters

MaineHousing allocates these funds to Maine's network of 36 emergency homeless shelters statewide. Shelters use these funds for operating expenses, as well as housing relocation and stabilization services in order to rapidly re-house and stabilize individuals and families who are living in shelters and on the streets across Maine. This funding also supports 73 Housing Navigators employed by the shelters to conduct comprehensive assessments of clients, create housing stability plans, assist with housing search and placement, and follow clients beyond shelter to ensure housing stability. In 2019, MaineHousing provided federal funds to 36 shelters.

Stability through Engagement Program (STEP)

\$1,460,076 in Federal HOME Funds and McKinney-Vento Grant Funds

181 households

MaineHousing's STEP program is designed to rapidly re-house individuals and family households experiencing homelessness for up to 24 months by providing them with vouchers. In 2019, the vouchers were allocated to Maine's 37 shelters who served 181 households in Maine. Also, federal HOME Funds were used to serve an additional 35 households whose STEP was funded through Continuum of Care (CoC) Tenant Based Rental Assistance (TBRA) funds.

Continuum of Care (CoC) Grant

\$349,860 in McKinney-Vento Grant Funding

This funding is used by MaineHousing to provide support for the operation of the Continuum, such as organizing and submitting the annual Notice of Funding Availability (NOFA) application; compliance with HUD reporting; clerical support for the Continuum, the CoC Board, and committee meetings; and monitoring the Continuum and Emergency Solutions Grant (ESG). All of these activities benefit the agencies and programs that provide a variety of housing services for those who have experienced homelessness in Maine.

Homeless Management Information System (HMIS) Grant

\$322,326

The Maine CoC designated MaineHousing as the State's HMIS lead. MaineHousing receives the funds from the HMIS Grant to fund and support the software application used to collect data required by HUD. In 2019, HMIS funds were used to support 209 projects which record and report data on people sheltered through Emergency Shelter, Rapid Rehousing, Transitional Housing, Permanent Supportive Housing, and Veterans Affairs Supportive Housing (VASH) Programs as well as people served by Street Outreach, Runaway and Homeless Youth, and Veterans' Programs.

Coordinated Entry Grant

\$34,320

This funding is administered by MaineHousing on behalf of the Maine Continuum of Care to provide support in designing, implementing, monitoring, evaluating, and reporting on the HUD required Coordinated Entry System that provides streamlined processes for assessing needs and accessing resources.

Housing Demographics for Maine

Maine People in Need	1st District		2nd District		Maine	
	Owners	Renters	Owners	Renters	Owners	Renters
Households with Income:						
<= 30% Area Median Income (AMI)	15,856	20,142	15,803	16,884	31,659	37,026
> 30% to <= 50% AMI	19,472	13,363	19,875	13,614	39,347	26,977
> 50% to <= 80% AMI	28,388	15,850	30,761	15,003	59,149	30,852
> 80% to <= 100% AMI	13,861	6,736	18,782	7,484	32,643	14,220
> 100% AMI	144,558	35,311	117,193	21,862	261,751	57,173
Total	222,135	91,402	202,414	74,847	424,549	166,249

Source: Claritas 2019 Household Income

Housing, Affordability Varies by Region	1st District*	2nd District*	Maine*	United States**
Median Home Price	\$280,000	\$160,000	\$225,000	\$274,500 (value)
Median Household Income	\$67,665	\$51,082	\$59,575	\$60,293
Income Needed to Afford Median Home Price*	\$81,096	\$47,473	\$66,044	\$78,359
Households Unable to Afford Median Home Price	60%	47%	56%	49%
Average 2-Bedroom Rent ¹	\$1,039	\$887	\$969	\$1,023 (median gross) ²
Renter Households Unable to Afford Average 2-Bedroom Rent	58%	63%	60%	54%

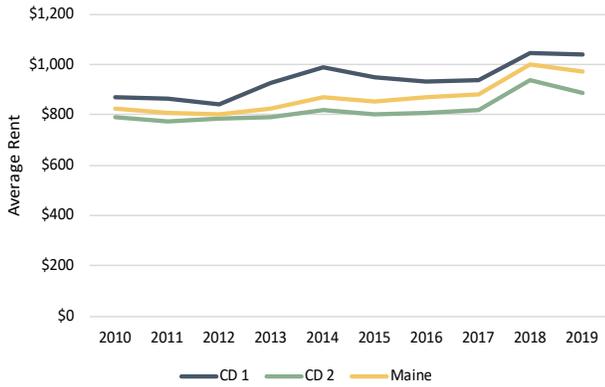
Source: *2019 MaineHousing Facts, **National Association of Realtors®, 2018 American Community Survey (5 Year Estimates), Tables DP-03, DP-04, B-25118

¹2019 rents were calculated using a forecast tool.

²Median gross rent is the median contract rent, plus the average monthly cost of utilities.

Improving Incomes, Rising Home Prices and Rent

Average Rent

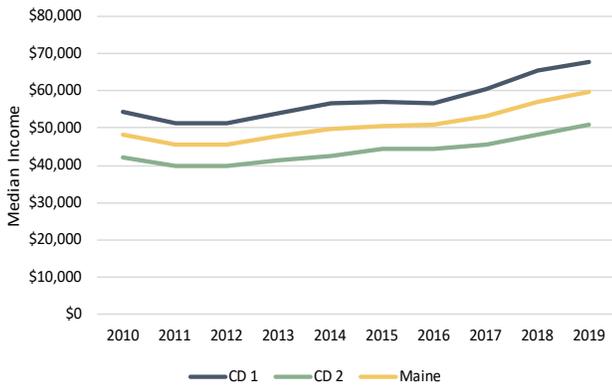


Rent prices increased statewide in 2010-2019. Congressional District (CD) 1 saw the greatest increase at 20%. The CD 2 increase was 12%; the statewide increase was 17%.

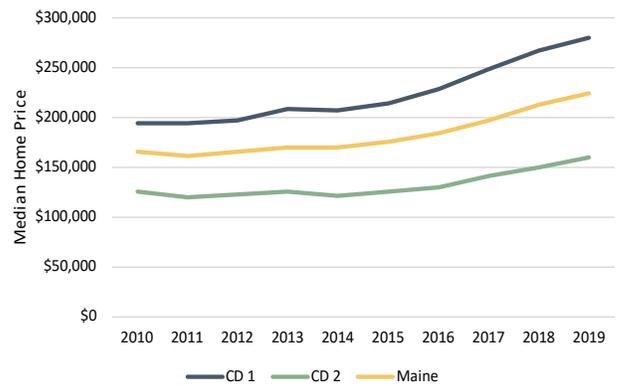
Median income increased statewide and in both CDs. CD 2's improved median incomes by 21.7% versus CD 1 at 24.8%. The state's increase in median income was 23.1%.

Regarding median home prices, CD 2 had a 28% increase, lagging behind CD 1. CD 2's inventories are greater, and demand is lower, in contrast to CD 1 where Cumberland and York counties have tight inventory and subsequently, higher prices. CD 1 median home prices increased 44%.

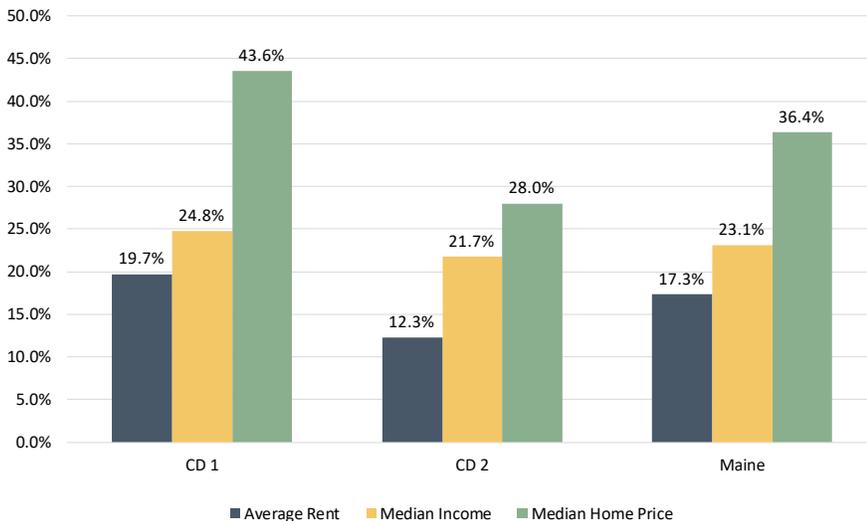
Median Income



Median Home Price



Percent Change in Rents, Home Prices, and Incomes 2010 -2019 for Maine and the two Congressional Districts



CD 1 median home price increases outpaced median income by 19 percentage points from 2010-2019. This is in stark contrast to CD 2 (6 percentage points) and the state (13 percentage points). Buying a home in CD 1 is less affordable than CD 2 and the state as a whole.

CD 2's rent prices outpace income by 10 percentage points, versus CD 1 and the entire state (5 and 6 percentage point differences, respectively). However, renting is unaffordable across the state.

Overall, significant changes in CD 1's rent, median income, and median home prices skewed changes across Maine. The challenges Mainers face in buying and renting homes is forecast to see little change.

Sources: The home price data in these charts is derived from the Maine Real Estate Information System (MREIS). Income data is from Claritas. The rental data comes from MaineHousing's quarterly survey of rental costs and data received from MaineHousingSearch.org. 2019 rents were calculated using a forecast tool.

2019 Funding and Federal Sources by Congressional District

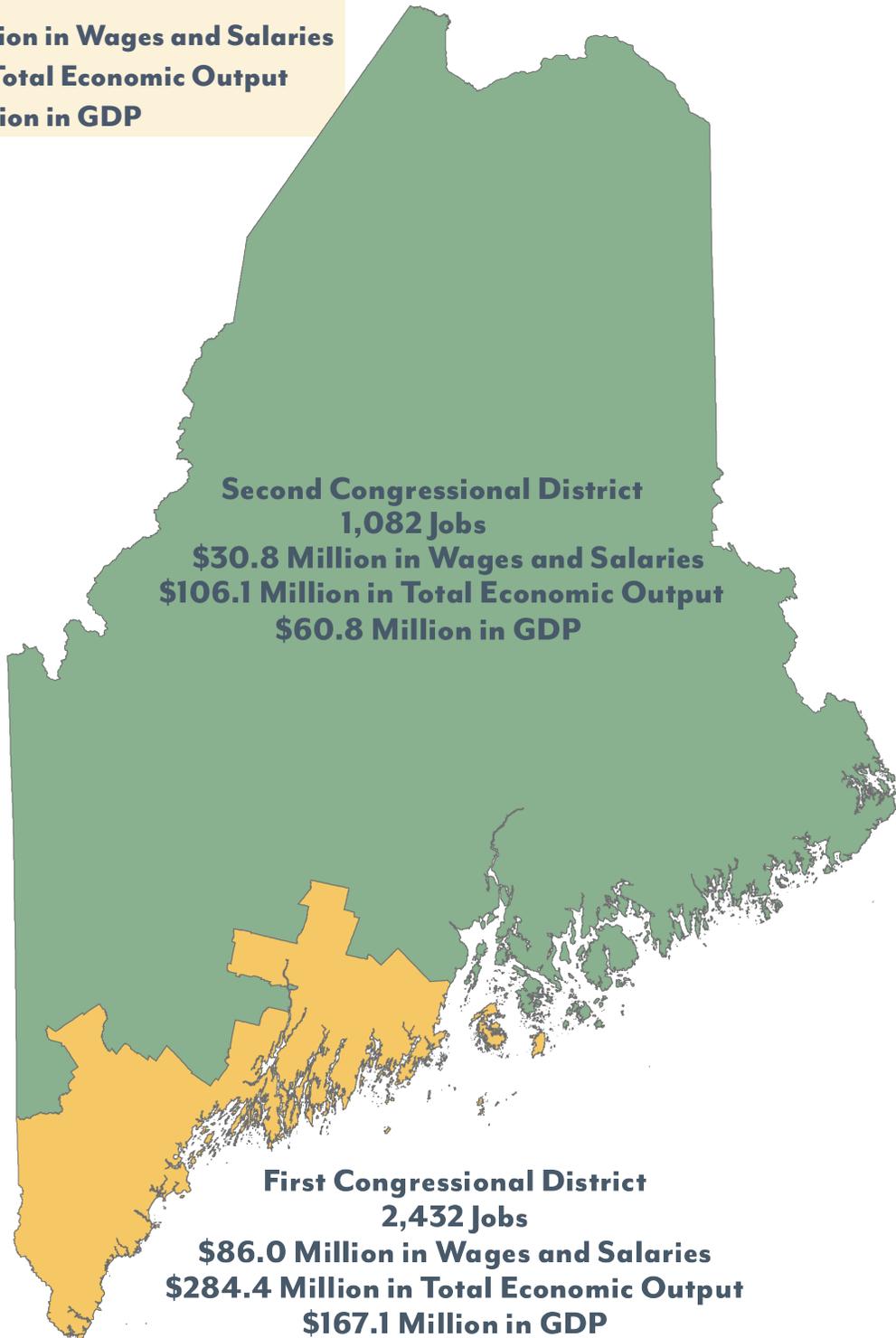
Program Area	Federal Funding Source(s)	CD1		CD2		Maine		Income Eligibility Limit ²
		Households / Units	Funding Amount	Households / Units	Funding Amount	Households / Units	Funding Amount	
Home Purchase								
First Time Homebuyers	Tax-Exempt Housing Bonds	442	\$73,497,993	677	\$79,487,410	1,119	\$152,985,403	<120% of AMI
Rental Housing Development								
Tax Credit Units Completed	Low Income Housing Tax Credits and HOME Partnership Grant	529	\$26,888,393	252	\$25,740,359	781	\$52,628,752	<40% - <60% of AMI (Varies Based on Subsidy)
Tax Credit Units Financed/ Under Construction	Low Income Housing Tax Credits and HOME Partnership Grant	375	\$44,050,668	171	\$24,976,283	546	\$69,026,951	<40% - <60% of AMI (Varies Based on Subsidy)
Energy Assistance								
CHIP (Central Heating Improvement Program)	Home Energy Assistance Program (HEAP) Funds	802	\$2,243,668	813	\$2,509,217	1,615	\$4,752,885	<200% of the Federal Poverty Guidelines
Fuel Assistance ¹	Home Energy Assistance Program (HEAP) Funds	10,646	\$6,282,553	28,335	\$22,760,427	38,981	\$29,042,980	<150% of the Federal Poverty Guidelines or <60% of State AMI
Home Weatherization	Department of Energy (HEAP and Weatherization Assistance Program (WAP))	200	\$3,099,990	215	\$3,600,884	415	\$6,700,874	<200% of the Federal Poverty Guidelines
Home Improvement								
Lead Demonstration Grant	HUD Lead Hazard Reduction Demonstration Grant 2016 - 2019	46	\$444,574	70	\$688,052	116	\$1,132,626	50% of program participants earning <50% AMI and 50% earning >50% AMI
Rental Assistance								
Section 8 Rental Units	Section 8 Project-Based Assistance	4,737	\$45,096,243	3,313	\$28,942,539	8,050	\$74,038,782	<50% of AMI
Section 8 Vouchers	Section 8 Housing Choice Vouchers	1,490	\$12,688,049	2,119	\$13,951,450	3,609	\$26,639,499	<30% of AMI
Homeless Assistance								
Funding Emergency Shelters & Navigators	Emergency Solutions Grant	16 Shelters	\$899,042	20 Shelters	\$453,413	36 Shelters	\$1,352,455	NA
Stability Through Engagement Program (STEP)	Federal HOME Grant and McKinney-Vento Grant Funds	130	\$1,054,608	51	\$405,468	181	\$1,460,076	<50% of AMI
Homeless Programs & Projects	Continuum of Care Grant		\$174,930		\$174,930	Maine Continuum	\$349,860	NA
Homeless Management Information System (HMIS) Grant	HMIS Grant	126 Projects & Programs	\$191,236	83 Projects & Programs	\$131,090	Maine Continuum	\$322,326	NA
Coordinated Entry	Coordinated Entry Grant		\$171,600		\$171,600	Maine Continuum	\$54,320	NA

¹Data is for the FFY2019 Heating Season (10/2018 - 9/2019) Fuel Assistance.

²Program eligibility depends on household size, income, and other criteria. Program eligibility details available at www.mainehousing.org. AMI is Area Median Income.

Economic Impact of the Low Income Housing Tax Credit Program 2015-2018

3,514 Jobs
\$116.8 Million in Wages and Salaries
\$390.5 in Total Economic Output
\$227.9 Million in GDP



Thank you

We are grateful to Maine's congressional delegation and their staff for their strong support, advocacy, and efforts to address Maine's housing challenges. Our delegation's continued commitment to safe, stable, and affordable housing is critical to Maine's success.

If addressed, the issues outlined below would further MaineHousing's efforts and funding as we address Maine's significant housing needs.

Big Picture Issues

Federal Budget

Maine's housing providers face the annual roller coaster of federal funding decisions. Vital programs, especially in a tight housing market, are continually at risk. Even flat funding has a negative effect. Rising costs mean fewer families are served each year. Our delegation's efforts have been essential in maintaining our ability to meet the needs of Maine's low income families. We are also grateful for the ability to adapt federal funding to meet emerging needs such as supportive housing for substance use disorder and home modification for older adult homeowners.

One issue that must be addressed is the Housing Choice Voucher (HCV) administrative fee. Currently prorated to 79% and only paid for leased up vouchers, this fee is poorly designed and inadequately funded for efficient program administration. It disregards staff effort and time in the verification, searching, and initial inspection stages. Payments should be calculated and the fee paid on the searching and lease up voucher totals as reported in the Voucher Management System. Prorated administrative fees means public housing authorities need payment sooner.

Affordable Housing Credit Improvement Act

Establishing a permanent minimum 4% credit floor will enable housing production growth by increasing federal tax credited equity by 15% - 20%. This change will have a positive spillover effect on Maine's new housing tax credit (\$80 million over 8 years and modeled on the federal Low-Income Housing Tax credit's success) by providing additional equity for housing development.

USDA – Rural Housing

USDA's Section 515 program provides rental assistance for more than 6,200 units in rural Maine and nearly 2,500 units are in danger of losing their rental assistance by 2030. The Genesis Fund in Maine received a technical assistance grant to help retain these properties' affordability. However, continued support from USDA is necessary or we will lose a significant number of affordable units in a state that desperately needs them. USDA must work with local owners, especially small ones, to preserve and transfer ownership and maintain affordability.

Lead & Home Modification Funding

Maine is home to both one of the oldest housing stocks and oldest population in the United States. As a result, lead paint issues and home repair and modification needs are significant in Maine. Federal lead remediation funding helps prevent exposure to lead, with a focus on our youngest population. The combination of state and federal funds to address Maine's lead issues has meant greater and faster strides in eliminating lead from Maine homes. We are also appreciative of grants that help remediate and modify homes. We look forward to working with our HUD partners as they continue to develop a home safety modification program modeled after Comfortably Home, which was developed in Maine and is now funded by MaineHousing.

Technical Issues

Environmental Review

HUD's competing environmental review process is onerous, redundant, and inefficient. Two separate reviews often must be completed with combined HUD funding sources (e.g., Housing Trust Fund and HOME), adding time and cost to a project for little to no environmental benefit. HUD should adopt Section 58 as the single environmental review process for HUD-assisted projects.

Counting Persons Experiencing Homelessness – AHAR

We believe every person who experiences homelessness should be counted. However, those residing in transitional housing are not experiencing literal homelessness in a shelter or a place not fit for human habitation. HUD's Annual Homeless Assessment Report (AHAR) includes those living in transitional housing, which we understand allows them to maintain their homeless status to access services. However, combining these populations often leads the press and the public to misinterpret the severity and depth of homelessness in Maine. When AHAR data was released in January 2019, this again was an issue as there was a significant decline in available transitional housing in Maine. Those experiencing literal homelessness and transitional housing should be reported separately for accuracy.

PBCA

We appreciate our delegation's efforts to maintain our current role administering this program. Proposed changes to PBCA puts a 45-year relationship between MaineHousing, property owners, and tenants at significant risk. A change in contract administrator will result in a loss of MaineHousing's locally based tenant support, technical assistance, and funding for property standards. Such changes would also double the burden on property management companies and others, as properties with both Low-Income Housing Tax Credit and Section 8 could result in two agencies administering the different housing programs. Only MaineHousing can provide a statewide portfolio and market knowledge perspective, which would be lost if the PBCA contracts were administered elsewhere.

Fair Market Rent Methodology

Maine Fair Market Rents (FMRs) as defined by HUD are below what local market experts would expect. Current reliance on 1-year American Community Survey data for calculating FMRs is biased to larger metro areas where small standard errors are minimized due to population density. While there is an opportunity to appeal the FMRs, the HUD-required methodology is outdated. Reevaluation is cost-prohibitive because MaineHousing administers the HCV program statewide. HUD should allow alternative valid methodologies and reimburse successful reevaluation costs.