



**Building Opportunity through
Quality Affordable Housing**

MaineHousing Federal Funds Report 2020

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MaineHousing Administration

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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 2020 Federal Housing Investment

\$449.8 million

\$136.2 million in Home Purchase

\$119.8 million in Rental Housing Development

\$44.8 million in Energy Assistance

\$107.4 million in Rental Assistance

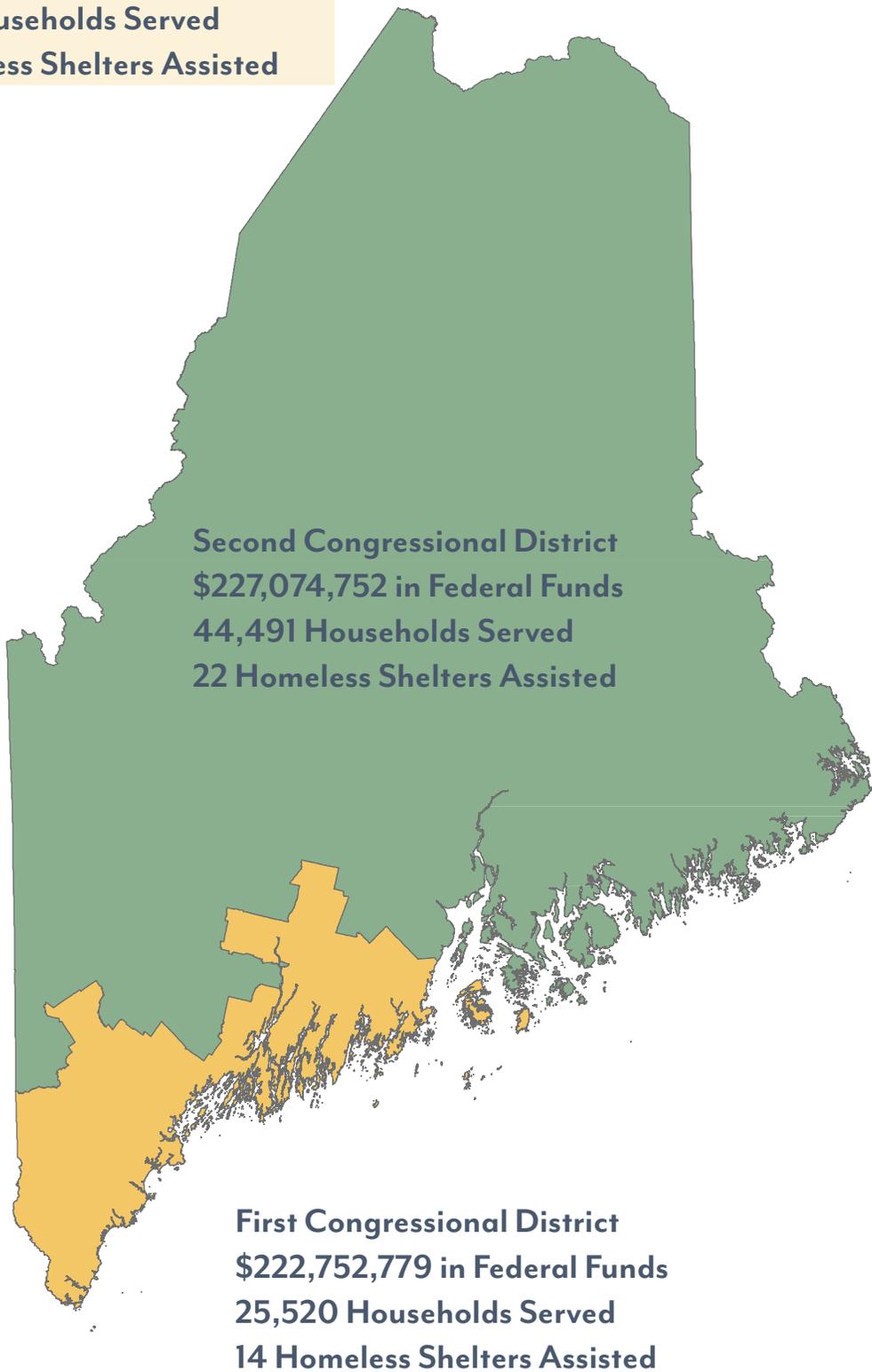
\$10.2 million in Homeless Assistance

\$31.4 million in COVID-19 Response Assistance



Maine 2020 Federal Funds

\$449,827,531 in Federal Funds
70,011 Households Served
36 Homeless Shelters Assisted



How MaineHousing Uses Federal Resources

(2020 federal funding amounts and outcomes in italics)

Expand Affordable Housing Opportunities

Home Purchase

Tax Exempt Bonds

\$136,217,426

930 households

Sales of tax exempt bonds provide the funding for mortgage loan purchases originated and closed by our lender partners who offer our First Home Loan. This program is for first-time homebuyers. The mortgage payments made on these loans are used to pay a majority of MaineHousing's annual operating expenses. In 2020, 930 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: \$46,755,463; Financed: \$73,054,794

320 units constructed; 598 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 affordable housing developments to ensure we are serving areas with the greatest needs. In 2020, these funding sources provided over \$46 million for the construction of 320 units, and \$73 million for the financing of 598 units. Among those units completed were 69 preserved (rehabilitated or adapted reuse) affordable housing units.

Improve and Preserve the Quality of Housing

Energy Assistance

Central Heating Improvement Program (HEAP)

\$5,818,078

2,047 households

The Central Heating Improvement Program (CHIP) provides grants for home heating systems repair and replacement. In 2020, MaineHousing improved heating in 2,047 households.

Home Energy Assistance Program (HEAP)

\$32,309,384 for fuel assistance for the 2019-2020 heating season

44,512 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 2019-2020, MaineHousing assisted 44,512 homes with their energy expenses.

Weatherization Assistance Program

\$6,651,187

544 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 2020, over \$6.6 million of HEAP and DOE funding weatherized 544 Maine households.

Help Maine People Attain Housing Stability

Rental Assistance

Section 8 Project Based Rental Assistance

\$77,463,225

8,050 households

This rental assistance is committed to properties developed in the 1970s and early 1980s before Congress terminated the housing program. This assistance maintains the developments' affordability for low-income older adults and families. They pay no more than 30% of their adjusted income to rent in these properties. In 2020, MaineHousing administered rental assistance to 8,050 renter households statewide.

Section 8 Voucher Program

\$29,958,696

3,887 households

MaineHousing provides rental assistance to individuals and families who can rent a privately owned apartment that meets our program standards. These standards include passing a HUD quality inspection and signing a Housing Assistance Contract. MaineHousing prioritizes specific populations. These populations include veterans, people who are homeless, and households who participate in our self-sufficiency program. In some instances, vouchers can be used to help finance a home mortgage. MaineHousing administers 28% of Maine vouchers, and in 2020, we provided 3,887 renters with vouchers.

Homeless Assistance

Funding Emergency Shelters and Navigators

\$1,390,913

36 shelters

MaineHousing allocates these funds to 36 of Maine's emergency homeless shelters. Shelters use these funds for operating expenses, as well as housing relocation and stabilization services to rapidly re-house and stabilize individuals and families who are living in shelters and on the streets across Maine. This funding also supports 66 Housing Navigators employed by the shelters to conduct comprehensive assessments of clients, create housing stability plans, assist with housing search and placement, and support clients beyond shelter to ensure housing stability. In 2020, MaineHousing provided funds to 36 shelters.

Stability Through Engagement Program (STEP)

\$1,326,696 in Federal HOME Funds and McKinney-Vento Grant Funds

123 households

MaineHousing's STEP program uses vouchers to rapidly re-house individuals and families experiencing homelessness for up to 24 months. In 2020, the vouchers were allocated to Maine's 37 shelters who served 123 households in Maine.

Continuum of Care (CoC) Planning Grant

\$371,190 in McKinney-Vento Grant Funding

9 agencies

MaineHousing applies for this funding on behalf of the Maine Continuum of Care (CoC) which supports and improves the Continuum's operations. This includes a number of tasks, including monitoring CoC and Emergency Solutions Grant-funded projects. This support significantly benefits agencies and programs that provide housing services for those experiencing homelessness in Maine. In 2020, a total of 9 agencies, including MaineHousing, received McKinney-Vento funds that supported 24 transitional housing beds, 41 rapid rehousing beds, 90 facility-based permanent supportive housing beds, and 1,997 Shelter Plus Care beds.

Coordinated Entry Grant

\$36,723

MaineHousing applied for this funding on behalf of the Maine Continuum of Care to support the creation, implementation, and evaluation of the HUD-required Coordinated Entry System. This system facilitates the appropriate placement and resource connection for people and families experiencing homelessness.

Homeless Management Information System (HMIS) Grant

\$344,888

The Maine CoC designated MaineHousing as the State's HMIS lead. MaineHousing receives the funds from the HMIS Grant to fund the system that collects HUD-required data and helps inform our understanding of shelter use in Maine. In 2020, HMIS funds were used to record and report data on people sheltered through Emergency Shelter, Rapid Rehousing, Permanent Housing, Permanent Supportive Housing, and Veterans Affairs Supportive Housing (VASH) programs. Data was also recorded for people participating in Street Outreach, Runaway and Homeless Youth, and Veterans' programs. This data is part of a range of information used to help us making policy decisions to best serve Maine's homeless population.

Youth Homelessness Demonstration Project

\$1,677,339

MaineHousing applied for this funding on behalf of the Maine Continuum of Care. This is a 2 year grant that supports the creation of a Coordinated Community Response to end and prevent youth homelessness. The goal of the grant is to help communities build local systems and support a wide range of housing programs for persons under the age of 25 who are experiencing homelessness. Communities awarded the grant will work with youth action boards and community partners on creating a comprehensive community plan to end youth homelessness. Maine was chosen as a grantee that could demonstrate how to prevent youth homelessness in rural communities. We hope our approach can be replicated in rural communities across the United States.

ESG-CV (Emergency Solutions Grant Coronavirus Allocation)

\$2,515,639

This funding is additional ESG funding allocated through the CARES Act to prevent, prepare for, and respond to COVID-19 among individuals and families who are homeless or receiving homeless assistance. Maine received \$12.6 million in ESG-CV money in 2020 which must be spent by September 2022. In 2020, MaineHousing rolled out COVID response programs to support shelters and rapid rehousing efforts across the state with plans to continue this support and roll out additional programs in 2021. Our 2020 programs included grants to 31 shelters to purchase necessary protective equipment, incentive and overtime pay for shelter staff, and hotel rooms to accommodate reduced occupancy capacity due to social distancing requirements and increased homelessness. Four rapid rehousing grants were awarded to increase affordable housing for homeless in Portland (2 grants), Bangor, and Knox County.

COVID-19 Response Assistance

Federal Emergency Management Agency (FEMA)

\$5,220,252

MaineHousing has kept Mainers sheltered throughout the COVID-19 pandemic. Our multifaceted response began with securing FEMA Public Assistance program funding to house homeless individuals in hotels, and to launch wellness shelters. With the Maine Department of Health and Human Services, we expanded the population served by our hotel program to include immigrant families, agricultural workers, healthcare workers, and other individuals in congregate living situations.

Coronavirus Relief Fund

\$26.2 million

9,000+ renter households

In 2020, Governor Mills asked MaineHousing to offer rental assistance to lower income Maine households. Combined with MaineHousing's StateHOME funds, CDBG funding, and the Coronavirus Relief Fund, \$33.4 million in rental assistance was available to over 9,000 renter households in 2020. We launched the Emergency Rental Assistance program in March 2021 with the receipt of \$200 million in stimulus funding and will continue to offer this much needed assistance to Maine renters.

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) | 16,402 | 19,637 | 16,321 | 17,227 | 32,723 | 36,863 |
| > 30% to <= 50% AMI | 19,559 | 13,644 | 19,491 | 12,907 | 39,051 | 26,551 |
| > 50% to <= 80% AMI | 31,567 | 16,456 | 30,980 | 14,697 | 62,547 | 31,153 |
| > 80% to <= 100% AMI | 21,004 | 8,608 | 19,828 | 7,438 | 40,831 | 16,047 |
| > 100% AMI | 118,814 | 28,348 | 115,296 | 23,812 | 234,109 | 52,161 |
| Total | 207,346 | 86,693 | 201,916 | 76,082 | 409,262 | 162,775 |

Source: Claritas 2020 Household Income

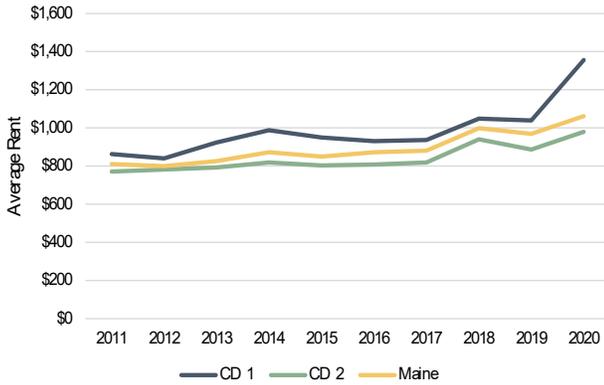
| Housing, Affordability Varies by Region | 1st District* | 2nd District* | Maine* | United States** |
|---|---------------|---------------|-----------|-------------------------------------|
| Median Home Price | \$320,000 | \$185,000 | \$255,000 | \$297,900 (value) |
| Median Household Income | \$73,079 | \$53,059 | \$63,340 | \$62,843 |
| Income Needed to Afford Median Home Price* | \$86,207 | \$51,211 | \$69,691 | \$81,323 |
| Households Unable to Afford Median Home Price | 59% | 49% | 55% | 49% |
| Average 2-Bedroom Rent | \$1,356 | \$980 | \$1,062 | \$1,062 (median gross) ¹ |
| Renter Households Unable to Afford Average 2-Bedroom Rent | 62% | 60% | 57% | 52% |

Source: *2020 Maine Housing Facts, **National Association of Realtors®, 2019 American Community Survey (5 Year Estimates), Tables DP-03, DP-04, B-25118

¹Median gross rent is the median contract rent, plus the average monthly cost of utilities.

Improving Incomes, Rising Home Prices and Rent

Average Rent

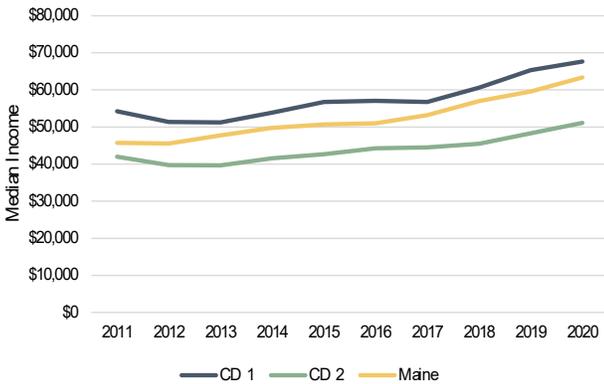


Rent prices increased statewide in 2011-2020. Congressional District (CD) 1 saw the greatest increase at 57%. The CD 2 increase was 27%; the statewide increase was 31%.

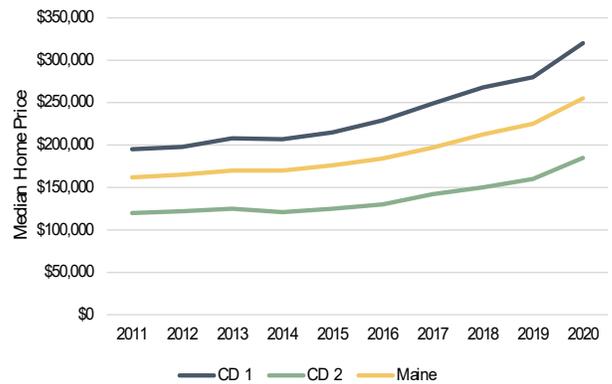
Median income increased statewide and in both CDs. The median incomes in CD 1 improved by 42%; the median incomes in CD 2 improved by 33%. The state's increase in median income was 39%.

Regarding median home prices, CD 2 had a 54% 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 64%.

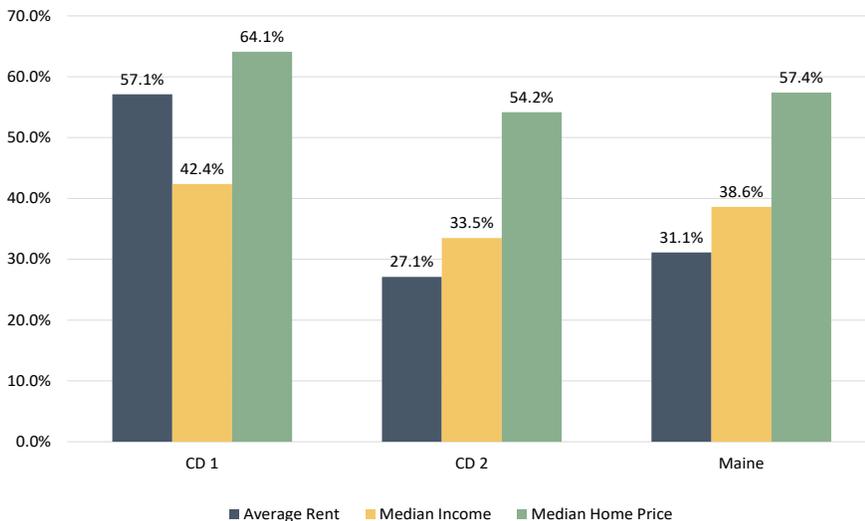
Median Income



Median Home Price



Percent Change in Rents, Home Prices, and Incomes 2011-2020 for Maine and the two Congressional Districts



CD 1 median home price increases outpaced median income by 22 percentage points from 2011-2020. This is slightly higher than CD 2 (21 percentage points) and the state (19 percentage points). Buying a home in CD 1 is less affordable than CD 2 and the state as a whole.

CD 1's rent prices outpace income by 15 percentage points. Conversely, CD 2's income outpaces rent prices by 6 percentage points, versus the entire state (8 percentage points). 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 pre-2019 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. 2020 rents come from a 3-month survey conducted by SocialServ.

2020 Funding and Federal Sources by Congressional District

| Program Area | CD1 | | | CD2 | | | Maine | | | Income Eligibility Limit ² |
|--|---|------------------------------|----------------|------------------------------|----------------|-------------------------------|----------------|--------------------|----------------|--|
| | Federal Funding Source(s) | Households / Units | Funding Amount | Households / Units | Funding Amount | Households / Units | Funding Amount | Households / Units | Funding Amount | |
| Home Purchase First Time Homebuyers | Tax-Exempt Housing Bonds | 344 | \$63,974,815 | 586 | \$72,242,611 | 930 | \$136,217,426 | | | 115% of AMI, or 100% of AMI for households with < 3 individuals |
| Rental Housing Development Tax Credit Units Completed | Low Income Housing Tax Credits and HOME Partnership Grant | 149 | \$21,821,813 | 171 | \$24,933,650 | 320 | \$46,755,463 | | | <40% - <60% of AMI (Varies Based on Subsidy) |
| Tax Credit Units Financed/ Under Construction | Low Income Housing Tax Credits and HOME Partnership Grant | xxx | \$xx,xxx,xxx | xxx | \$xx,xxx,xxx | 598 | \$73,054,794 | | | <40% - <60% of AMI (Varies Based on Subsidy) |
| Energy Assistance CHIP (Central Heating Improvement Program) | Home Energy Assistance Program (HEAP) Funds | 545 | \$1,373,898 | 1,502 | \$4,444,180 | 2,047 | \$5,818,078 | | | <200% of the Federal Poverty Guidelines |
| Fuel Assistance ¹ | Home Energy Assistance Program (HEAP) Funds | 13,098 | \$8,603,816 | 31,414 | \$23,705,568 | 44,512 | \$32,309,384 | | | greater of <170% of the Federal Poverty Guidelines or <60% State Median Income |
| Home Weatherization | Department of Energy (HEAP and Weatherization Assistance Program (WAP)) | 106 | \$1,282,221 | 438 | \$5,368,965 | 544 | \$6,651,187 | | | <200% of the Federal Poverty Guidelines |
| Rental Assistance Section 8 Rental Units | Section 8 Project-Based Assistance | 4,737 | \$4,7723,990 | 3,313 | \$29,739,235 | 8,050 | \$77,463,225 | | | <50% of AMI |
| Section 8 Vouchers | Section 8 Housing Choice Vouchers | 1,496 | \$12,918,420 | 2,391 | \$17,040,276 | 3,887 | \$29,958,696 | | | <30% of AMI |
| Homeless Assistance Funding Emergency Shelters & Navigators | Emergency Solutions Grant | 14 Shelters | \$865,351 | 22 Shelters | \$525,562 | 36 Shelters | \$1,390,913 | | | NA |
| Stability Through Engagement Program (STEP) | Federal HOME Grant and McKinney-Vento Grant Funds | 89 | \$914,028 | 34 | \$412,668 | 123 | \$1,326,696 | | | <50% of AMI |
| Homeless Programs & Projects | Continuum of Care Grant | | \$185,595 | | \$185,595 | Maine Continuum | \$371,190 | | | NA |
| Homeless Management Information System (HMIS) Grant | HMIS Grant | | \$172,444 | | \$172,444 | Maine Continuum | \$344,888 | | | NA |
| Coordinated Entry | Coordinated Entry Grant | | \$18,362 | | \$18,362 | Maine Continuum | \$367,723 | | | NA |
| Homeless Youth ³ | Youth Homelessness Demonstration Program Grant | | \$838,669 | | \$838,669 | Maine Continuum | \$1,677,339 | | | N/A |
| Homeless Provider Grants | Emergency Solutions Grant | 14 Shelters | \$1,803,861 | 17 Shelters | \$696,283 | 31 Shelters | \$2,500,144 | | | N/A |
| Temporary Rapid Rehousing Program ⁴ | Coronavirus Allocation (ESG-CV) | 4 Shelters | | 1 Shelter | | 5 Shelters | | | | 30% AMI with ability to approve up to 50% AMI |
| Street Outreach Services | ESG-CV | 1 Shelter | \$15,495 | 1 Shelter | \$15,495 | 1 Shelter | \$15,495 | | | N/A |
| COVID-19 Response Assistance Hotels/Shelters | Federal Emergency Management Agency (FEMA) | 2 Wellness Shelters/3 Hotels | \$2,610,126 | 2 Wellness Shelters/7 Hotels | \$2,610,126 | 4 Wellness Shelters/10 Hotels | \$5,220,252 | | | N/A |
| Rental Assistance | Coronavirus Relief Fund | 2 Wellness Shelters/3 Hotels | \$2,610,126 | 2 Wellness Shelters/7 Hotels | \$2,610,126 | 9,000 | \$26,200,000 | | | N/A |

¹Data is for the FFY2020 Heating Season (10/2019 - 9/2020) 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.

³\$3,354,677 for 2019/2020

⁴We have grant agreements for the Temporary Rapid Rehousing Program in the amount of \$1,579,695 for CD1 and \$353,372 for CD2 for a total of \$1,933,067, but none of that was paid out in 2020 (the program requires reimbursement request submissions).

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. In 2020, we are especially grateful for the significant federal response to addressing the COVID-19 pandemic and improvements in the Affordable Housing Tax Credit Act establishing a permanent minimum 4% floor. Thank you for all you do.

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

Big Picture Issues

COVID-19 Recovery Initiatives

Federal funding and policy decisions have greatly improved Maine's response to the COVID-19 pandemic by assisting in both our public health and economic recovery responses. The Emergency Solutions Grant and FEMA Public Assistance programs allowed us to support homeless shelters meet the increased need for emergency housing and to provide non-congregate housing for persons who have tested positive or are close contacts but unable to quarantine safely. This included persons who are homeless, living in group homes, migrant farm workers, or living in housing with others without the ability to safely separate. The Coronavirus Relief Fund and the two stimulus bills have and will continue to assist over 9,000 renter households to pay their rent and remain stably housed. We encourage maximum flexibility for states in our use of federal funds in meeting both the public health and economic recovery challenges and recognition that the effects of the pandemic will be long lasting.

The Need for Affordable Housing

There is an ongoing and significant need in this economic recovery for affordable and workforce housing. The response to COVID-19 has underscored a fundamental challenge to Maine's housing market: the lack of affordable housing. In no Maine county is renting affordable, and the homeownership affordability is undergoing significant challenges affecting the ability of first time homebuyers the most. Maine's economic strategic plan recognizes the need for affordable housing, particularly workforce housing, as an important component to the state's economic recovery. In addition to increasing the supply of affordable housing, there is a need for more Permanent Supportive Housing. We appreciate your ongoing support of federal programs such as the HOME program and the National Housing Trust Fund, which are important tools for addressing these needs.

Homeless Response System Redesign

MaineHousing and Maine's Statewide Homeless Council have embarked on a homeless response system redesign. Maine's emergency housing programs are based largely in community-based nonprofit organizations with strong missions and empty pocketbooks. The shelter redesign initiative is supporting the organization of these independent entities into a regionally aligned emergency shelter delivery system. Strategic investments will be needed in the years ahead to accomplish our goals of supporting this redesign and the resulting efforts, reducing homelessness, and providing affordable housing options. We need a strong, focused, and supportive federal response to reducing homelessness and support these efforts.

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 is administering 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.

Technical Issues

HCV Administrative Fees

One issue that continues is funding for the Housing Choice Voucher (HCV) administrative fee. Currently prorated to 80% 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. We appreciate the funding provisions through recent stimulus packages, and the issue remains: the ongoing administrative fees do not cover the entire costs of the program to help ensure applicants become voucher holders.

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 administrative burden on owners, property management companies and others, as properties with both Low-Income Housing Tax Credit, federal HOME funds, and Section 8 could result in different 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 costly because MaineHousing administers the HCV program statewide and must make decisions about which areas to re-evaluate given available resources. In 2020 MaineHousing contracted for a reevaluation of three counties' FMRs, paid \$30,000, and was successful. HUD should allow alternative valid methodologies and reimburse successful reevaluation costs.