

# Maine HOME

## Housing Opportunities for Maine Fund

Report to the Maine Legislature  
on HOME Fund uses 2013-2014



## Contact MaineHousing

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## MaineHousing Administration

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## Board of Commissioners

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- 🏠 Peter Anastos, Co-founder and Principal of Maine Course Hospitality Group
- 🏠 Adam Bradstreet, field manager in the construction sector
- 🏠 John Gallagher, Director of Maine State Housing Authority
- 🏠 Sheryl Gregory, real estate broker with Homestead Realty in Winthrop
- 🏠 Terry Hayes, Treasurer of the State of Maine
- 🏠 Kevin Joseph, owner of Joseph's Market and co-owner of Joseph's Fireside Steak House, both in Waterville
- 🏠 John Marsh, Jr., Senior Vice President of Commercial Lending and Community Development at Bath Savings Institution
- 🏠 Lincoln J. Merrill, Jr., President and Chief Executive Officer of Patriot Insurance Co. in Yarmouth
- 🏠 Donna Talarico, Senior Vice President and Marketing Manager for Residential Lending at GuaranteedRate.com in Portland

## Legislative Mandate

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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.*”

## MaineHousing Operations and HOME

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MaineHousing does not use any HOME Fund money for salaries or administrative costs of the agency. The fund's flexibility enables us to use the revenues for a wide variety of housing initiatives that might not otherwise have adequate funding.

The HOME Fund represents a small portion of our overall program funding, yet it plays a critical role because it is not overly restricted by program rules. We use it where it is needed most.

## What is the HOME Fund?

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### History

Maine's Legislature and Governor created the Housing Opportunities for Maine (HOME) Fund in 1983 to provide MaineHousing with a flexible financial resource to address the state's affordable housing needs. Initially it was an appropriation. In 1986, in an effort to make the program permanent by providing a steady revenue source, the Legislature doubled the Real Estate Transfer Tax and dedicated half of the revenues to MaineHousing for use in affordable housing programs.

## Public Purpose

MaineHousing's mission is to assist Maine people in obtaining and maintain quality affordable housing and services suitable to their housing needs. With that in mind, MaineHousing uses the HOME Fund to help individuals and families in need, including those who are homeless and those who are struggling with their mortgage payment because of financial hardship brought on by the loss of a job, trying to pay heating costs while living in an older home, or wanting to reduce their family's risk of lead poisoning by removing lead-based paint from their homes.

## Economic Impact

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, up to 47 times itself in federal and private funds. Every dollar not earmarked for the HOME Fund keeps at least \$10 in federal funds out of Maine.

Investments in Maine's housing create jobs, from builders and Realtors to home finishers and landscapers. Job holders spend money, generating sales tax and property tax revenues for the state and municipalities. The National Association of Home Builders estimates that building 100 new Low Income Housing Tax Credit units for families leads to the creation of 80 jobs from the direct and indirect effects of construction and 42 jobs supported by the induced effects of the spending. For the senior development, where units are typically smaller, slightly fewer jobs are created.

## Funding Flexibility

The flexibility of the HOME Fund makes it an important financial tool in addressing Maine's housing needs. The HOME Fund allows MaineHousing to respond to the most pressing housing needs, emerging needs, and needs that cannot be resolved solely with federal housing funds.

Maine's affordable housing needs change over time and are affected by market conditions. The HOME Fund provides a resource to help offset the effects of the changing economy. For example, when mortgage interest rates were high, we used the HOME Fund to reduce rates and provide down payment assistance. Since 2009, when interest rates were low, we were able to focus more HOME Fund resources on home repair and energy conservation.

## Successes

### Homelessness

A significant portion of the HOME Fund is used to help Maine's most vulnerable population – people who are homeless. MaineHousing creates affordable permanent or transitional housing, supports emergency shelters, and invests in programs to help these individuals and families be placed on a path to stable housing.

The funding efforts offer a mixed-but-hopeful blessing. While the number of people staying in homeless shelters has increased slightly over the last few years (about 1 to 3 percent each year), the length of stay at the shelters is declining. In addition, while we're seeing a decline in the number of victims of domestic violence seeking help at domestic violence shelters, the length of stay is up by 16 percent.

Since 2012, MaineHousing and its partners at emergency homeless shelters have been collaborating to make changes in the homeless response system. One initiative, the Home to Stay Program, provides navigators at shelters who link clients to permanent housing options and the tools needed to maintain a stable home, such as classes on budgeting. The navigator points them in the right direction, and the clients are required to do the work. More than 70 percent of the Home to Stay clients who initially received short-term housing assistance through the Stability Through Engagement Program (STEP) remain stably housed or have moved on to permanent housing. Seventy-four percent of those clients are now in permanent housing and do not receive subsidy.

The Long-Term Stayer Initiative addresses permanent housing needs for the hardest-to-serve clients with mental health and substance abuse issues. Since mid-2014, we've seen a marked decline in the number of long-term shelter stayers.

### Affordable Housing

The HOME Fund helps 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 for people with physical disabilities.

## Weatherization

Maine has an older, less energy efficient housing stock, and given the state's long, cold winters it's important to make solid savings-to-investment efforts to bring down fuel costs for lower-income households. Weatherization projects reduce the escape of heat from old structures, thus keeping homes warm and stretching fuel dollars, especially for lower-income households that also may be eligible for the Low Income Home Energy Assistance benefits.

Weatherization of low-income homes is estimated to save 20-24% in annual fuel costs or \$500 per home per year.

## Lead Paint

In the last two years, another 160 more homes now are without lead paint, bringing the total thus far utilizing HOME funds to more than 400. An approximately \$400,000 investment from the HOME Fund garnered more than \$2 million in leveraged or matched federal housing funds.

## Foreclosure Prevention

MaineHousing assists homeowners with MaineHousing mortgages who are having trouble paying their home loans, and the HOME Fund temporarily provides financial support to cover the payments. The remedy is repaid by the homebuyer at the end of the mortgage.

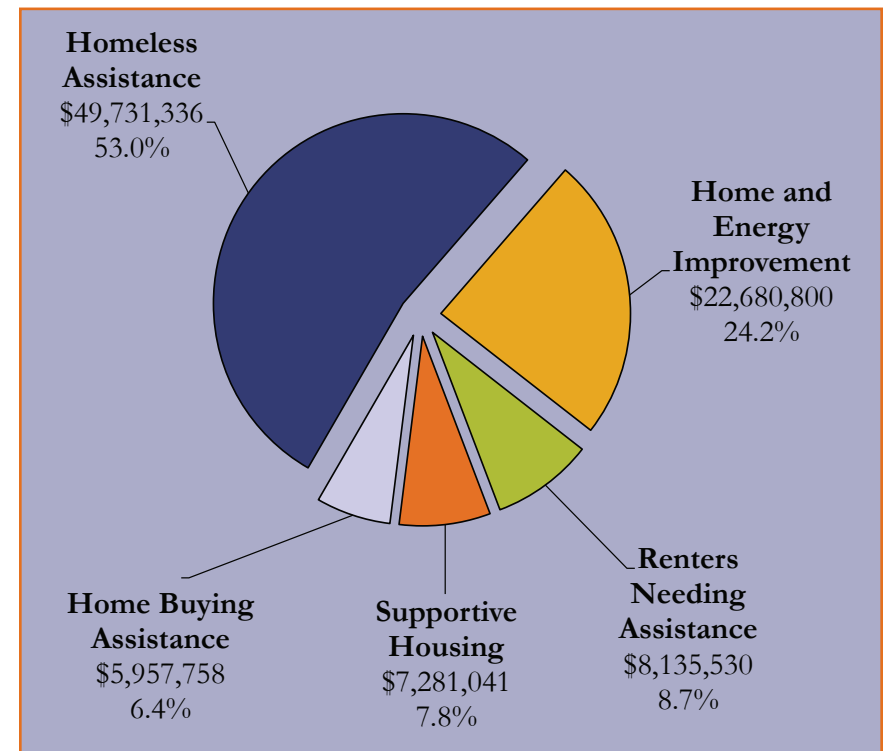
The Maine HOPE Program defers up to four mortgage payments for MaineHousing borrowers who lose their jobs. The Maine Home Affordable Modification Program (HAMP) reduces the outstanding loan balance of an existing mortgage loan thereby lowering monthly mortgage payments to an affordable payment.

In addition, to help diminish costly defaults and foreclosures, MaineHousing uses Home Funds to provide foreclosure prevention classes to Mainers at risk for foreclosure.

## Real Estate Transfer Tax Receipts to MaineHousing 2002 – 2014

🏠 2002:	\$11,072,552	🏠 2009:	\$ 1,477,925
🏠 2003:	\$ 2,756,562	🏠 2010:	\$ 5,254,396
🏠 2004:	\$ 6,482,862	🏠 2011:	\$ 4,794,680
🏠 2005:	\$ 8,881,845	🏠 2012:	\$ 5,143,560
🏠 2006:	\$ 8,895,365	🏠 2013:	\$ 8,832,976
🏠 2007:	\$ 8,897,158	🏠 2014:	\$ 6,958,759
🏠 2008:	\$ 5,839,122		

## HOME Fund Expenditures by Program Area 2002 – 2014

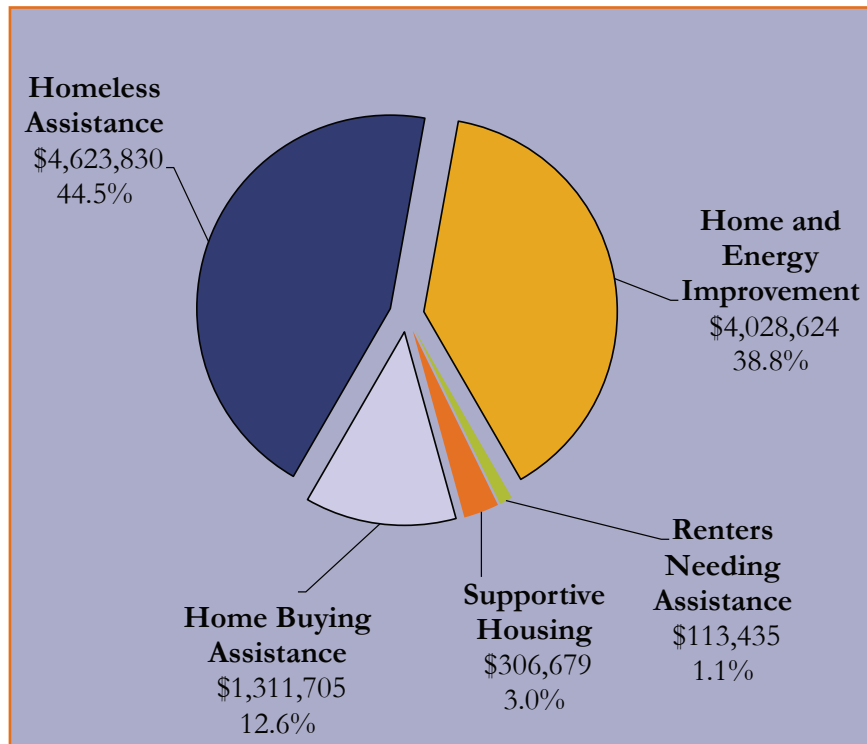


## HOME Fund Investments: 2013 – 2014

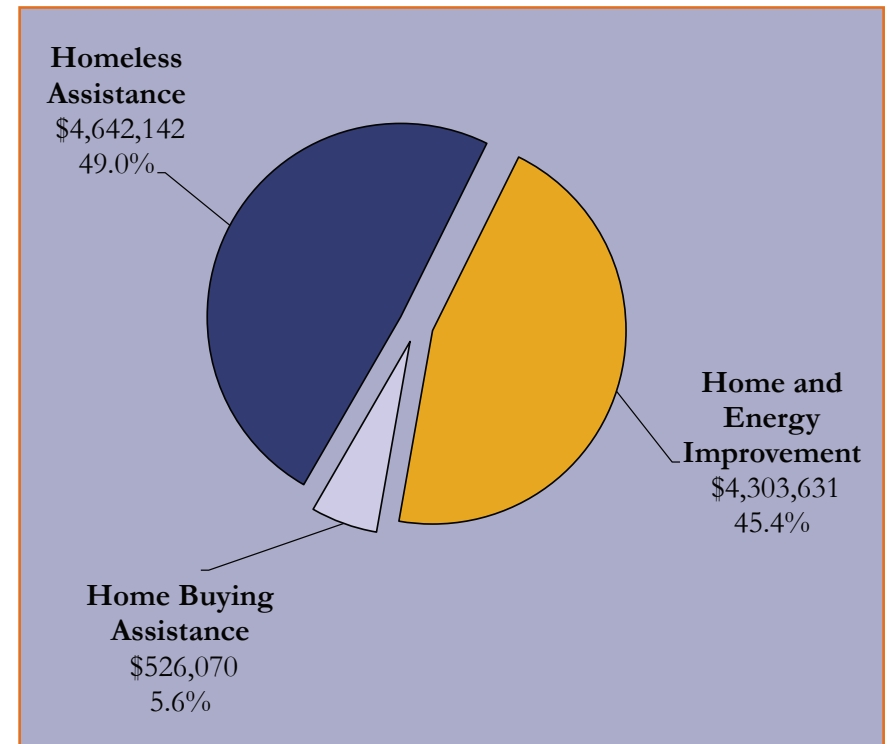
Program Area	Program Description	HOME Fund Investment 2013	HOME Fund Investment 2014	Households / Units Served 2013-2014	Leveraged or Matching Funds
<b>Homeowners' Assistance</b>					
Maine HOPE Program	Defers up to four mortgage payments for MaineHousing borrowers who lose their jobs.	\$164,334	\$166,923	92 households	n/a
Maine HAMP Program	Reduces MaineHousing's existing mortgage; thereby lowering monthly payments to an affordable level for borrowers in default and at risk of foreclosure.	\$100,695	\$337,890	22 households	n/a
Foreclosure Prevention	Funds provided 42 hours of foreclosure prevention counseling services.	n/a	\$1,948	32 clients	\$64,305
<b>Home Improvement</b>					
Lead Hazard Control Program	Match money for a federal grant that removes lead poisoning threats from homes with lead-based paint.	\$158,178	\$243,519	160 households	\$2,046,650
Home Repair Program	Home repair program for low-income homeowners.	\$75,049	\$75,039	60 households	\$466,276
Home Retro Program	Accessibility improvements for people with physical disabilities.	\$245,495	\$232,679	48 households	\$0
<b>Energy Assistance</b>					
Weatherization Supplemental Repair Program	For weatherization measures or repairs necessary to make weatherization effective or allow it to occur.	\$1,270,325	\$969,207	477 households	n/a
<b>Homeless Assistance</b>					
Funds to Supplement SOS	Supplemental funds for the Shelter Operating Subsidy Program (SOS) for emergency shelters.	\$2,350,000	\$2,350,000	An average of 7,849 individuals and 358,302 bednights for 2013 and 2014	\$4,280,000
Shelter Systems Change Pilot Program	MaineHousing allocated funds to Home to Stay Program grantees that meet certain benchmarks: decreasing shelter lengths of stay, increasing permanent housing outcomes, and maintaining stability for clients upon shelter exit.	n/a	\$500,000	n/a	n/a
<b>Totals</b>		<b>\$4,364,076</b>	<b>\$4,877,205</b>	<b>16,589</b>	<b>\$6,857,231</b>
"n/a" means non-applicable.					

## Two Program-Period Comparison: HOME Fund Expenditures by Program Area

2013 – 2014



2011 – 2012



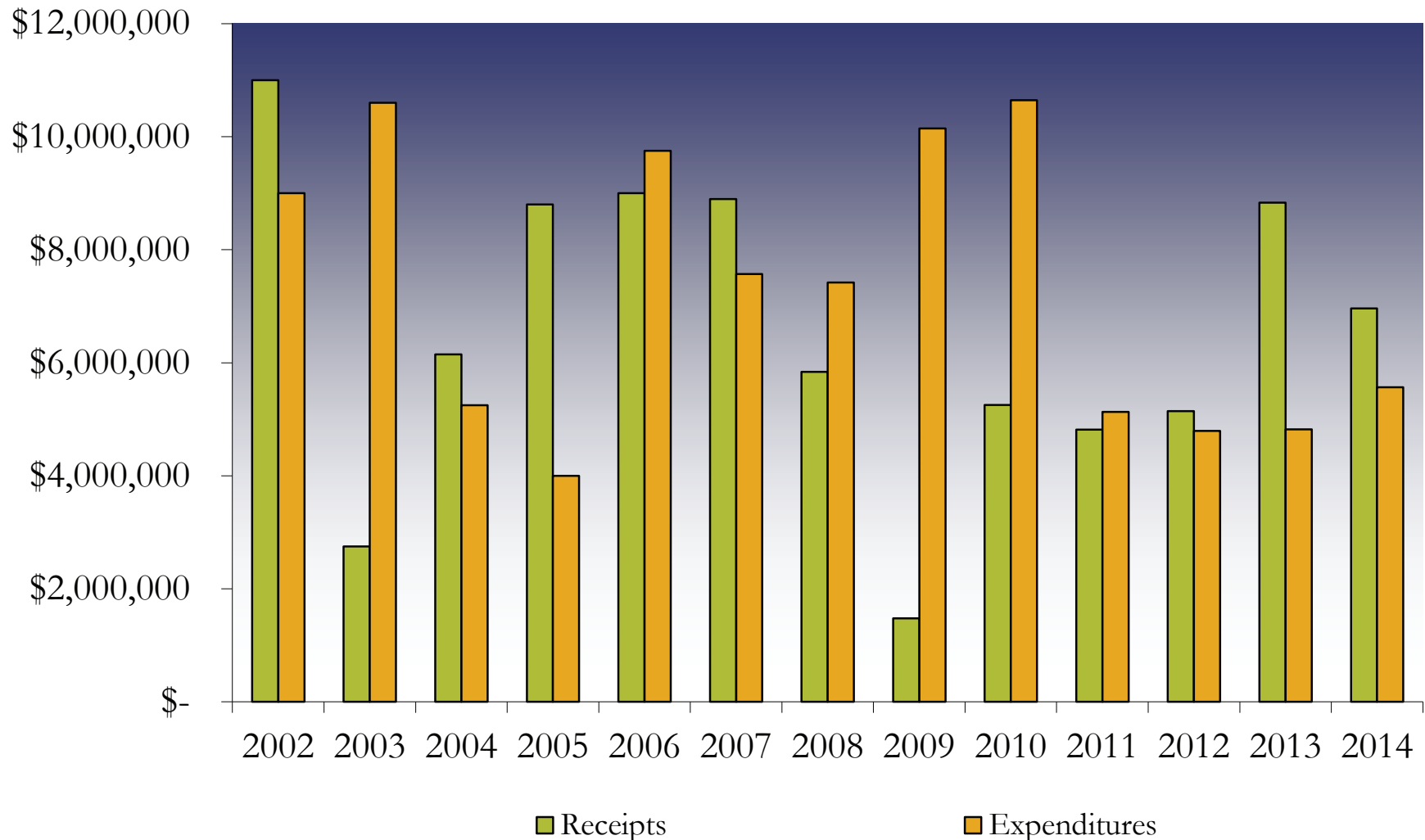
### HOME Fund Uses

MaineHousing uses the HOME Fund to leverage federal housing funds and private bond capital from investors, and uses the revenue to serve our most vulnerable residents. This comparison shows where we have used HOME Fund money in 2013-2014 in comparison to 2011-2012 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
- 🏠 Keeping seniors safe and warm in their homes
- 🏠 Funding accessibility improvements
- 🏠 Filling funding gaps in affordable rental developments.

## MaineHousing HOME Fund Receipts and Expenditures 2002 - 2014 (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 did not actually spend the HOME Fund money until the housing was being completed.

## 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.



353 Water Street, Augusta, Maine 04330  
1-800-452-4668, Maine Relay 711

[www.mainehousing.org](http://www.mainehousing.org)

For more information,  
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or Deputy Director Peter Merrill  
207-626-4608

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