



MAINE AFFORDABLE HOUSING COALITION

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JOBS, ENERGY EFFICIENCY AND COMMUNITY STABILITY: *Affordable Housing in Maine*

FEBRUARY 2011

MAHC 2011 AGENDA

- 1. COMMISSION TO MAXIMIZE THE IMPACT OF AFFORDABLE HOUSING.** *The Commission will review the current status of housing in Maine, including current state policies, review creative ideas implemented in other states, identify regulatory barriers to housing development, and make recommendations for the most efficient use of available resources.*
- 2. PRESERVATION OF THE HOME FUND.** *The HOME Fund, created in 1985, has helped thousands of Mainers purchase their first home or secure quality, affordable rental housing. We must ensure that the HOME Fund is protected from cuts that would put vulnerable Maine families at risk.*
- 3. SUPPORT FOR HOUSING ASSISTANCE.** *Programs such as General Assistance and residential facilities supported by MaineCare and DHHS are key to the housing stability of thousands of vulnerable Maine people. Support for continued funding for these essential services helps to stabilize lives and communities throughout Maine, and prevent the need for much more costly emergency services.*

INTRODUCTION

The Maine Affordable Housing Coalition (MAHC) is committed to ensuring that Maine people have access to one of life's most basic necessities: a decent, safe and affordable home.

MAHC is a diverse coalition of more than 60 private and public sector organizations including developers, architects, engineers, builders, investors, Community Action agencies, public housing authorities, housing and service providers, advocates and others working to advance solutions that create and preserve affordable housing in Maine.

We serve as Maine's lead agency to the New England Housing Network, a coalition of housing and community development organizations joined together to provide a regional response to changes in federal housing and community development programs, and as the National Low Income Housing Coalition's state coalition partner in Maine. In 2009, we worked with legislators to enact the Green Affordable Housing Program which will, when fully implemented, provide quality, highly efficient housing for thousands of Maine people. MAHC has also commissioned numerous independent reports, including a comprehensive assessment of housing affordability in Maine, the effectiveness of the Housing Choice Voucher Program in Maine communities, and the economic impacts of developing affordable housing.

This policy paper is designed to inform policy makers about the urgent need for affordable housing in Maine, the policies needed to ensure everyone has access to adequate shelter, and MAHC's plan for 2011.

THE NEED FOR AFFORDABLE HOUSING IN MAINE

Maine suffers from a shortage of decent, affordable housing. The cost of housing in Maine is high, especially given our high energy costs and the inefficiency of our housing stock. To make things worse, the average income in Maine trails the national average (Maine ranks 36th in median household income).

MIT Study

In 2009, MAHC commissioned research by the Housing Affordability Project at the Massachusetts Institute of Technology (MIT) Center for Real Estate. The study, *Housing Affordability in Maine: Taking Stock*, clearly documents the significant shortage of affordable housing in Maine.

The study concludes that while over 200,000 Maine households are paying more than 30% of their incomes towards housing (including utilities and commuting costs), **over 86,000 of those households (including 34,000 headed by those over age 55) have severe housing affordabil-**



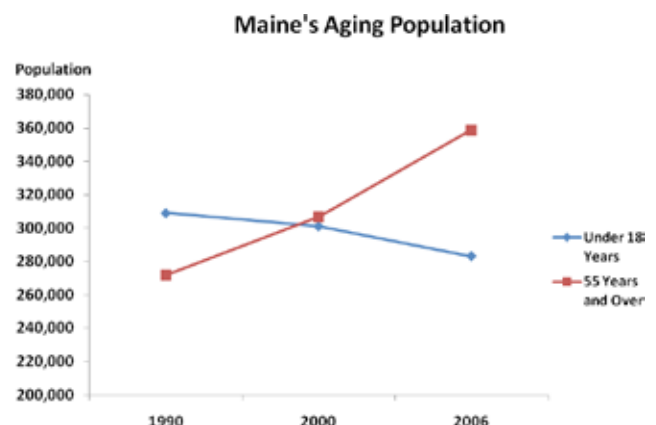
VILLAGE WOODS, YORK | York Housing
| Pilot Construction | CWS Architects

ity problems. These 86,000 vulnerable Maine families have low incomes (less than 80% of median household income) AND pay over 50% of their income towards housing costs. They comprise over 15% of Maine's total households and are divided almost evenly between owners and renters.

Factors leading to the affordability problem include:

- the mismatch between Maine's housing stock and the needs of Maine households (including size, location and cost);
- the disproportionately high burden fuel costs place on low income households;
- home prices and rents rising much faster than personal income; and
- the net reduction in available rental housing since 2000.

In 2009 the U.S. Census Bureau anointed Maine the oldest state in the nation; our aging population is another factor that adversely impacts household needs and should inform our housing policy. Maine is seeing both an increase in the number of seniors and a reduction in the number of children, as clearly shown below.



Source: MIT Center for Real Estate



BRICK HILL COTTAGES, SOUTH PORTLAND | Developers Collaborative | Wright-Ryan Construction | Winton Scott Architects

Maine's housing stock has not caught up with its changing demographics. The MIT study found that 62% of 1-2 person severely-cost-burdened elderly households occupy homes with 3 or more bedrooms. **Many Maine seniors are trying to maintain houses far larger than they need or can afford.**

Waiting Lists

Further evidence of the need for affordable homes comes from the waiting lists of housing organizations. In 2010, nearly 2,500 households sought an affordable home from Avesta Housing, the state's largest nonprofit housing agency, but only 10 percent secured housing because waiting lists are so long; **today's applicants must plan to wait for years before their name will come up.** Other housing organizations are encountering similar problems: the Brunswick Housing Authority and Penquis in Bangor both have waiting lists about double their number of units. The Auburn Housing Authority, C&C Realty and Realty Resources have approximately one household on the waiting list for each unit they operate.

The Housing Choice Voucher Program, commonly referred to as Section 8, is a federal program that provides rental housing subsidies to low-income families and individuals. MAHC recently conducted a survey of the voucher program in Maine and found that **available vouchers cover only about half of the applicant households**, with 12,221 households currently receiving vouchers and another 12,795 households on waiting lists. Many of these families

are homeless or teeter on the edge of homelessness and are forced to make awful decisions among food, housing and health care needs.

Homelessness

750-800 Maine people stay in emergency homeless shelters on any given night, while 7,000 people stay in our shelters over the course of a year. Worse, these shelter statistics do not tell us how many Mainers are sleeping outside, in cars, in campgrounds, or on the sofas of friends and family members - they speak only to the numbers of people who knew about and were able to access one of Maine's homeless shelters. The true number of individuals who experience homelessness in Maine every year is a guessing game. What is known is that homeless people need permanent, affordable housing if they are to cease being homeless.

Mobile Homes

In 1976, the federal government took a major step forward in the construction of safe, energy-efficient mobile homes with the introduction of more stringent construction and insulation standards. The new standards made the homes more energy efficient and fire resistant. However, at least 7,000 Maine families are still living in old, inefficient, and unsafe pre-1976 mobile homes. This outdated housing not only puts Mainers at risk and drives up residents' utility bills, but also represents Maine's least energy efficient housing stock.

STATE HOUSING RESOURCES

The Maine State Housing Authority (MaineHousing) was created in 1969 by the Maine Legislature, with a mission to assist Maine people in obtaining and maintaining decent, safe, affordable housing. MaineHousing was authorized to handle federal housing funds, subsidize loans for individuals to purchase homes, make loans to organizations to construct affordable housing developments, issue revenue bonds to support housing, and to serve as a resource on housing data and information. This work has made a positive difference but, as described above, there is still much to be done.

The Efficiency Maine Trust (EMT) was created in 2009 to coordinate Maine's energy efficiency efforts. The Trust's goals include the weatherization of 100% of homes and 50% of businesses by 2030. EMT will coordinate its weatherization efforts with MaineHousing, which continues to distribute approximately \$3 million a year in federal weatherization funds in addition to the \$42 million it received through the American Recovery and Reinvestment Act of 2009. MAHC is particularly focused on working with the EMT to ensure that a fair share of weatherization assistance funding is allocated to the multi-family housing sector, which has historically been overlooked for assistance but offers a significant opportunity for cost savings and economies of scale.

The Historic Rehabilitation Tax Credit was established in 2007 (36 MRSA §5219-BB) to support the rehabilitation of historic properties. It is administered by the Maine Historic Preservation Commission and provides a credit of up to 25% of the

“We all recognize the remarkable strides our country has made in tackling homelessness in recent years.... Our challenge now is to house everyone [B]y building on remarkable local innovations and by providing tools to every community in the country ... we can provide every American—from the most capable to the most vulnerable—the opportunity to reach their full potential.”

U.S. SECRETARY OF HOUSING AND URBAN
DEVELOPMENT SHAUN DONOVAN

FLORENCE HOUSE GRAND OPENING, PORTLAND
JUNE 4, 2010

FLORENCE HOUSE, PORTLAND | Avesta Housing | Ganneston Construction | Gawron Turgeon Architects





STEVENS GREEN, ROCKLAND | Community Housing of Maine | Benchmark Construction | CWS Architects

project's cost. The law encourages the inclusion of affordable housing by increasing the credit to 30% for eligible projects. However, while only a portion of these tax credits are used to create affordable housing, initial funding to pay for the program has come predominantly from the Housing Opportunities for Maine (HOME) Fund, described in more detail below. We must ensure that the cost of any future extension of the Historic Rehabilitation Tax Credit does not overburden critical homelessness and affordable housing programs.

Green Affordable Housing Program

Another housing initiative of particular importance is the **Green Affordable Housing Program** enacted as part of 2009's major energy legislation (2009 Public Law Chapter 372, Part E). The Program will inject at least \$50 million into the creation of affordable housing across the state over the next two years, while leveraging several times that investment from other state, local, federal and private sources.

In January 2009, as Maine dealt with sky-high energy prices and a shrinking economy, MAHC put forward a bold plan to create jobs in the struggling construction sector and finance the development of highly efficient, affordable housing through state revenue bonds. The plan called for the designation of a portion of Real Estate Transfer Tax (RETT) revenues to repay affordable housing bonds to be issued by MaineHousing. This initiative brought together MAHC's statewide membership and a diverse group of allies, in-

cluding low-income advocates, construction interests such as the Associated General Contractors, and environmental advocates like the Maine Chapter of the U.S. Green Building Council. The plan was designed to provide affordable housing for Maine people, create jobs by stimulating investment in new construction and major renovation projects, and improve the efficiency of Maine's residential housing sector. Thanks to the efforts of many, including legislative leadership and the Joint Select Committee on Maine's Energy Future, the initiative was included in An Act Regarding Maine's Energy Future.

As enacted, the Green Affordable Housing Program authorizes MaineHousing to issue approximately \$50 million in affordable housing bonds in fiscal year 2011. Additional bonds may be sold when sufficient RETT revenues are available. The bond proceeds must be distributed so as to serve a variety of low-income populations (including seniors and people with supportive housing needs) throughout the state. MaineHousing was also given flexibility to design programs to assist rural communities, including the islands. In addition, at least 10% of the proceeds are dedicated for the replacement of pre-1976 mobile homes.

MaineHousing has made significant progress in implementing the Green Affordable Housing Program. While additional projects will be funded in the coming months, 25 projects have already been approved, adding 470 units to Maine's affordable housing stock and creating jobs for hundreds of Maine workers. These projects vary from a large urban development to small island initiatives, and include many projects serving seniors.

A summary of projects receiving bond funds is provided below:

PROJECTS FUNDED BY THE MAINE ENERGY, HOUSING & ECONOMIC RECOVERY FUND

(as of January 2011)

<i>Project Name</i>	<i>Location</i>	<i># of units</i>	<i>Bond Funds Allocated</i>	<i>Estimated TDC</i>	<i>General Contractor</i>
Hillside Apartments	Vinalhaven	6	\$150,000	\$1,267,000	Nickerson O'Day
Webster School	Auburn	28	\$1,800,000	\$7,100,000	Portland Builders
Oak St Apartments	Portland	37	\$3,700,000	\$6,400,000	Wright-Ryan
Stonecrest Phase II	Standish	25	\$2,068,667	\$4,050,000	TBD
Goose River Apts	Belfast	24	\$2,384,586	\$4,700,000	Bowman Bros.
Pearl Place II-A	Portland	30	\$1,650,000	\$6,600,000	TBD
Park St School	Kennebunk	30	\$914,746	\$7,700,000	Wright-Ryan
Children's Hospital	Portland	35	\$650,000	\$8,500,000	Wright-Ryan
Cascade Brook	Saco	30	\$1,270,872	\$6,185,000	Landry French
Ash St Apartments	Lewiston	32	\$614,151	\$8,875,000	Wright-Ryan
70 State St	Augusta	16	\$455,082	\$1,300,000	
Franklin St Apts	Calais	9	\$1,025,000	\$1,425,000	
76 Pier St	Bangor	4	\$669,050	\$669,050	R&K Construction
2-4 Pebble Lane	Sanford	5	\$450,000	\$460,000	
105 Main Street	North Haven	2	\$375,000.00	\$434,250	TBD
Schoolhouse Road	Chebeague	2	\$350,000.00	\$424,379	TBD
385 Cumberland Ave	Portland	8	\$888,783.00	\$1,126,502	Thaxter Company
119 Saco St	Westbrook	2	\$267,300.00	\$267,300	
5 Colby Lane	Kennebunk	3	\$295,000.00	\$395,894	
97 Court St	Bangor	7	\$980,000.00	\$980,000	R&K Construction
Pearl Place II	Portland	24	\$950,000.00	\$5,416,285	TBD
Emery School	Biddeford	24	\$608,509.00	\$6,690,200	Allied Cook
Straw Way	Ellsworth	29	\$683,000.00	\$5,859,000.00	TBD
Oak Leaf 2	Freeport	25	\$997,876.00	\$5,117,480	TBD
Lofts at Bates Mill	Lewiston	33	\$1,200,000.00	\$9,239,414	Platz Associates
	TOTALS	470	\$25,397,622	\$101,181,754	

MAINE AFFORDABLE HOUSING COALITION MEMBERS

Associated General Contractors of Maine
Auburn Housing Authority
Avesta Housing, Portland
Bangor Area Homeless Shelter
Bangor Savings Bank
Bank of America
Benchmark Construction, Westbrook
Brunswick Housing Authority
Center for Community WELLness, Portland
Coastal Enterprises, Wiscasset
Community Concepts, S. Paris
Community Housing of Maine, Portland
Crede Associates, Portland
Curtis Thaxter, Portland
CWS Architects, Portland
Developers Collaborative, Portland
Drummond Woodsum & MacMahon, Portland
EBW Associates, Edgcomb
Freeport Housing Trust
Genesis Community Loan Fund, Damariscotta
Habitat for Humanity/ 7 Rivers Maine, Bath
Housing Initiatives of New England Corporation, Portland
Housing Partnership, Portsmouth, NH
Island Housing Trust, Mt. Desert
Island Institute, Rockland
Islesboro Affordable Property
Kennebec Valley CAP, Waterville
Lewiston Dept. of Economic and Community Development
MacDonald Associates, Bath
Maine Community Action Association
Maine Workforce Housing LLC, Portland
Nadeau Land Surveys, Portland
Nickerson & O'Day, Inc., Bangor
Northern New England Housing Investment Fund, Portland
Otis Atwell, South Portland
Penquis, Bangor
People's Regional Opportunity Program, Portland
Planning Decisions, Hallowell
Portland Builders
Portland Dept. of Housing & Neighborhood Services
Portland Housing Authority
Preble Street, Portland
Sanford Housing Authority
Shalom House, Portland
South Portland Housing Authority
TD Bank
Tedford Housing, Brunswick
The Caleb Foundation, Swampscott, MA
Total Construction Mgmt., Winterport
United Way of Greater Portland
Volunteers of America Northern New England
Walsh Engineering Associates, Portland
Waterman Development, LLC, Yarmouth
WBRC Architects/Engineers, Bangor
Westbrook Housing Authority
Western Maine Community Action, E. Wilton
Wright-Ryan Construction, Portland
York County Community Action, Sanford
York County Shelter Programs, Alfred
York Housing Authority
Youth Alternatives Ingraham, South Portland



MARKET SQUARE COMMONS, HOULTON | Coastal Enterprises, Inc.
| Blane Casey Building Contractor, Inc. | Richard Higgins Architects

SHAPING AFFORDABLE HOUSING POLICY IN MAINE

The next two years promise to present significant challenges for the new Governor and Legislature. The state's revenue shortfalls appear likely to persist, especially if the state's economy grows as slowly as expected. Balancing the budget will require new and creative ideas in order to create jobs in the hard-hit construction industry and ensure that Mainers are able to secure and maintain safe, decent housing. MAHC stands ready to assist in this effort.

However, just "making do" within existing budget constraints is not enough. The housing situation for many Maine families remains unacceptable. The age and poor condition of much of our housing stock, along with its mismatch with our housing needs, is a drain on our economy, on our energy supply, and on the finances of our households. Finding ways to address this challenge will not only improve lives, but reduce energy use, increase disposable income, and strengthen the economy.

Commission to Maximize the Impact of Affordable Housing

Finding and implementing creative solutions to our housing challenges will not be simple or easy, but we are convinced it can be done. For that reason, in 2011 MAHC will seek the creation of a Commission to Maximize the Impact of Affordable Housing to identify and develop such solutions.

Housing policy is complex with many players, many sources of funding, and many goals. It intersects with transportation, energy, economic, and public health issues. For example, housing located near places of work reduces costs for residents while reducing energy use and burdens on transportation infrastructure. The lack of affordable workforce housing is a major problem in



OLDE WOOLEN MILL, NORTH BERWICK | The Caleb Foundation | Portland Builders | Archetype, P.A.

some communities. Repairing or replacing housing with lead paint protects the health of children. Weatherizing housing units saves money and reduces energy use. These challenges are not unique to Maine and we can learn from a variety of approaches being implemented across the country, such as the employer-assisted housing model that encourages businesses to help their employees secure affordable housing close to where they work.

The Commission will bring together experts in the housing field, advocates for seniors and low income residents, MaineHousing, other state agencies, and legislators. It will review the current status of housing in Maine, including current state policies, consider creative ideas implemented in other states, identify regulatory barriers to housing development, and make recommendations for the most efficient use of available resources. It is critical that solutions be identified which mitigate the troublesome economic, energy, and financial drains associated with Maine's housing. The Commission will be charged with identifying these solutions.

Support for Housing Assistance

Housing assistance is provided to Maine residents in a variety of ways, and cuts to these portions of the state budget can have a particularly harmful impact on thousands of vulnerable families. In many communities, General Assistance (GA) is used to provide rental assistance and to support emergency shelters for Mainers experiencing homelessness. Proposals in 2010 to cut GA would have significantly reduced such supports, especially in those service center communities with the most families at risk of homelessness. Likewise, MaineCare provides essential services for thousands of Maine people, often coupled with DHHS room and board subsidies for residential facilities for those with

special needs. Again, budget proposals in 2010 would have significantly reduced funding for these facilities, placing their clients' housing stability at great risk, and resulting in the need for much more costly emergency services. Thanks to strong support from key Legislators, these proposed cuts were reduced. MAHC is committed to preserving those budgetary resources that are essential to stabilizing low-income Mainers at risk of homelessness.

Preservation of the HOME Fund

The Housing Opportunities for Maine (HOME) Fund was established by the Legislature in 1985 to provide a flexible source of funding to address affordable housing problems statewide. Funded through a 45% share of Real Estate Transfer Tax revenues, the HOME Fund has successfully helped thousands of Maine people purchase their first homes and secure quality, affordable rental housing. In the past decade, HOME Fund dollars have been particularly critical to meeting the emergency and permanent housing needs of Mainers experiencing homelessness. Every dollar invested in the HOME Fund leverages \$10 in federal and private resources into Maine's economy.

In the 125th Legislature, MAHC will work to ensure that the HOME Fund is protected from cuts that would put vulnerable Maine families at risk and sacrifice critical jobs in the housing construction industry.

The members of the Maine Affordable Housing Coalition are committed to ensuring access to quality, affordable homes for all Maine people and look forward to working with legislators and the next Administration to reach that goal.

For more information, please contact the Maine Affordable Housing Coalition at 553-7777, or visit www.mainehousingcoalition.org.