

1998

1998 State of Maine Consolidated Housing and Community Development Plan

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Maine State Housing Authority

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State of Maine

Consolidated Housing and Community Development Plan

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Department of Economic and Community Development

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The Maine State Housing Authority (MSHA) does not discriminate on the basis of disability status in the admission or access to or treatment or employment in, its federally assisted programs and activities. MSHA will provide special communication assistance to persons with vision or hearing impairments. MSHA has designated the following persons as responsible for coordinating compliance with the nondiscrimination requirements contained in the Department of Housing and Urban Developments (HUD) regulations implementing Section 504 of the Rehabilitation Act of 1973 (24 C.F.R. Part 8, June 2, 1988):

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EXECUTIVE SUMMARY

The 1998 Consolidated Plan continues to reflect a joint effort by the Department of Economic and Community Development and the Maine State Housing Authority to gather input, plan and develop programs in the areas of community development and housing. The effort began with a shared assessment of demographic trends and moved quickly to jointly held forums around the state. At the same time, each agency worked closely with its partner network, examining ways programs could be altered to improve delivery efficiencies, stretch resources and most importantly, serve the low income citizens of Maine.

The 1998 Consolidated Plan reflects each agency's Strategic Plan. The Strategic Plans for MSHA and DECD examine the broader picture of housing and economic development in the State of Maine, bringing the Consolidated Plan into focus with the myriad of other programs each agency administers. The Strategic Plan for DECD identifies an economic development blueprint on which to build. MSHA's Strategic Plan calls on the agency to improve its program delivery, focus more sharply on priority population groups and recognize that programs like HOME represent a "scarce" resource that must be carefully planned and implemented.

In stretching resources further, this plan continues the "continuum" approach. Whether it is the homeless delivery system, senior citizen housing, or the regional super park, the programs reflect a continuum of housing, commercial development and services that treat low income persons and families in a holistic fashion. Both agencies have sought to target their resources with other State agencies and partners to add to and improve statewide housing and community development programs.

This 1998 Consolidated Plan also makes use of a pure needs assessment analysis, designed through the guidance of the Strategic Plans, to drive program design. The agencies examined closely economic and growth trends around the state. MSHA expanded earlier analysis of priority population groups to a focus on counties and need. While doing this, both agencies established an understanding of housing and commercial property supplies and worked to establish meaningful goals to serve those markets in the coming year.

In total, we believe these efforts will result in improved program design, greater needs targeting and a better understanding of the needs of low income citizens and Maine communities. As a result of this effort, MSHA is proposing to expand the use of Fed-HOME dollars in the FIX ME program and in the area of supportive housing. DECD has proposed to develop a new downtown program, as well as to expand its own housing assistance and economic development programs.

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COORDINATING AND MANAGING THE PLANNING PROCESS

PROCESS DESCRIPTION

Working as partners, the Maine State Housing Authority (MSHA) and the Department of Economic and Community Development (DECD) developed a statewide comprehensive housing and economic development program. This plan is part of a larger effort by the two agencies as they separately developed and implement their own strategic plans.

In this sense, the Consolidated Plan exists as part of a much larger effort by the two agencies to develop separate goals and policies for housing and economic development. Those strategies lay the framework within which each agency allocates their resources. (see Appendix). The Consolidated Plan, from an allocation perspective, is specific to how the state will spend the HOME (Federal HOME Investment Partnership Program), CDBG (Community Development Block Grant), and ESG (Emergency Shelter Block Grant) dollars allocated to Maine by the Department of Housing and Urban Development (HUD).

This plan update uses information collected in those processes (forums, surveys, and public meetings) and expands upon them using a series of community meetings held throughout the state of Maine (notes from those meetings are attached in the Appendix). The community meetings gathered municipal and housing partner ideas on better ways to serve our customer, the low income citizens of Maine. The meetings also focused on those with the greatest need.

DECD. DECD programs for 1997, including program descriptions and modifications can be found in the Action Plan and Appendix. That program remains substantially unchanged, except with the introduction of the Regional Super Park Program. MSHA continues to make monies available from its FIX ME and New Lease programs (see Action Plan) available to CDBG efforts. These collaborations combine MSHA or HOME housing development resources with economic development resources on a local level, creating greater community development coordination.

MSHA. MSHA used the input from the public meetings and its own detailed strategic planning and needs assessment process to allocate scarce resources. The most recent Strategic Plan, adopted by the Board of Commissioners in the spring of 1997, is found in Appendix C.

The result is described in summary form in the resource allocation table in the Action Plan. The input gathered during this process resulted in MSHA making some programmatic changes in the use of Fed-HOME dollars. In particular, MSHA re-focused its Community Housing Development Organizations (CHDO) energies toward extremely low first-time homebuyers, developing an option for housing project refinancing, and directing more Fed-HOME dollars to assist existing homeowners, the bulk of this year's activity.

NEEDS ASSESSMENT FOR HOUSING AND COMMUNITY DEVELOPMENT

INTRODUCTION

This Consolidated Plan examines key statistical patterns occurring in the 1990s and looks at forecasts for a five and ten year period. The plan blends the strategic plans and policies of the sister agencies, MSHA and DECD. This joint effort examined common areas of focus, working to identify key changes in demographic patterns. The plan also works to understand and include partner and customer perceptions that have emerged as the state approaches the turn of the century.

This Needs Assessment can be broken down into the following components:

Strategic Plan Summaries
MSHA Customer/Partner Surveys for the Strategic Plan
Housing and Economic Development Trends
Housing Priority Groups Needs Assessment
CDBG Needs Assessment

STRATEGIC PLAN SUMMARIES

The strategic plans for both DECD and MSHA are found in the Appendix. The following is a summary of those strategic plans:

DECD. In January of 1996, the State of Maine inaugurated a new Economic Development Strategy. This strategy was based upon the findings of existing economic development reports, a statewide tour conducted by Thomas McBrierty, Commissioner of the Department of Economic and Community Development, and the efforts of economic development initiatives and organizations including the State Coordinating Council and the Maine Development Foundation.

The strategy is not a detailed or comprehensive document but an outline and road map. The details are to be filled in by government departments or organizations assigned to specific targeted areas. The strategy provides a vision and set of principles under which all economic development efforts will proceed.

The five tactical areas are: emerging industries and broad economic sectors, financial and capital, identification of markets, human resource development, and infrastructure.

A copy of the state Strategic Outline is attached as an appendix to the Consolidated Plan.

MSHA. MSHA's strategic plan went through a complete review and update in 1997. The primary goals are:

Goal 1 - A Continuum of Housing: MSHA will provide a continuum of housing that links our customers to a variety of options, as they move to higher levels of self sufficiency and independence. In its role as a primary state housing provider, MSHA will present its programs as a "continuum of housing options." Customers entering our programs will be made aware of housing options along this entire continuum. MSHA will work with our external partners to ensure that services needed

to assist customers towards self sufficiency will be linked to housing, when appropriate. Internally, MSHA will work to ensure that the continuum is linked across divisions.

Goal 2 - Decision Making Processes and Systems: MSHA will improve its effectiveness and efficiency by dedicating significant energy and resources to improving internal systems and processes. The 1995 Strategic Plan stressed improved management efficiencies. Through its recommendations, quality management, technology improvements, a formal allocation and needs assessment process and program and personnel evaluations were put in place. Our short term success in implementing these changes requires that we continue to improve the quality of management in the long term. With greater improvements, MSHA now knows that it can stretch limited resources further. This will be critical in the face of declining resources. The benchmarks to be used for this goal will be our partners' and staff's evaluation of how we are doing as an agency.

Goal 3 - Program Design: MSHA will improve the design and delivery of programs and services. Program design requires a predictable structure ensuring the use of needs data and the input of our staff, partners and customers. The objectives and strategies describe how that process will work and establish a series of guidelines to be followed when examining new or old programs. Program design depends greatly on evaluation, which ensures that the program will do what it set out to accomplish. Hence, design must clearly identify the needs of the customer and role of the partner to make the most efficient use of scarce resources. In the use of scarce resources, program design will use the 1997 Strategic Plan, the Consolidated Plan and appropriate needs assessments to guide the allocation process.

Goal 4 - MSHA Program Focus: MSHA will ensure that programs remain appropriately linked to its mission and strategic plan. Program focus will link programs to this plan and the five priority population groups: first time homebuyer, cost burdened homeowner, cost burdened renter, special needs populations and the homeless. In contrast to program design, program focus describes population groups in terms of need and relates need to the market. Program focus describes who the program is intended to serve. Utilizing this philosophy, the Board of Commissioners will be charged with an annual allocation process to serve the most needy citizens of Maine with appropriate housing programs.

This goal also identifies the most important housing priorities for MSHA, including homeownership options and rehabilitation. As a direct result of Maine's older housing stock and a five year projection of slow growth, it is also recommended that we continue to focus on the rehabilitation of all forms of housing that serve low income citizens.

Goal 5 - The Maine State Housing Authority will serve as the primary state entity to address the housing needs of low income citizens. MSHA believes its role should be to act as the primary housing finance provider in the State of Maine. Given MSHA's expertise in housing development and access to financial resources, MSHA will work to meet the housing needs of all five priority population groups while coordinating with other state agencies to provide appropriate services. While facilitating service provision, MSHA will also work to expand private and non-profit development capacity to assist us to make the best use of limited resources.

Goal 6 - Maintain and develop new subsidy resources to replace those being lost through state or federal budget reductions. We work today in an era of shrinking resources. MSHA will advocate for the maintenance and expansion of existing financial resources. Shrinking resources put greater pressure on meeting present and expanding needs. MSHA shall make use of the tools it has available to maintain its subsidy resource base. Specifically, it will focus on expiring Section 8 project based rental assistance, the state Real Estate Transfer Tax and the expansion of our bond capacity. Our success in this endeavor will be measured in the maintenance of and increase in our subsidy resource base.

Within this broad framework, MSHA continues to focus on five priority population groups:

First-time Homebuyers
Cost Burdened Homeowners
Cost Burdened Renters
Special Needs Populations
Homeless Persons

The Plan includes a series of strategies and benchmarks to achieve as we move forward with its implementation.

MSHA CUSTOMER/PARTNER SURVEYS

During this planning period, MSHA accomplished two primary tasks: the adoption of an updated Strategic Plan and the complete review of all programs operated at the agency. The review includes programs funded through the HUD HOME resource. The following represents a summary of MSHA's partner and customer surveys.

Partner Surveys

Introduction. In the following, we will provide a brief summary of the surveys conducted for both internal and external partners of MSHA. The summary is meant to draw some contrasts with a similar survey conducted two years ago in conjunction with the development of the 1995 Strategic Plan. The survey will also provide information to each division regarding its present program design and delivery system.

Real estate professionals. We received surveys from over 108 real estate professionals, roughly a 25% response rate. All ranked the first time homebuyers program as the most important program at MSHA. Of those responding, roughly 16% of their home sales were through MSHA. As opposed to the previous survey, more real estate professionals recognized their role as being critical to MSHA program delivery (about 75%).

In the previous survey, real estate professionals identified paperwork and processing as issues that needed attention. In the 1997 survey, the median response of "good" suggests that real estate professionals see some improvement in the approval process, but hope to continue to see more. In particular, they noted the improvement in income eligibility and increased flexibility for those qualifying as significant improvements.

In the 1995 survey, real estate professionals identified lenders as needing more information and participation in the program. In this survey, 75% felt that the lenders were enthusiastic about MSHA's first time homebuyer program. In contrast to the lender survey, where roughly 50% felt the MSHA program was not needed, 86% of the real estate professionals believe that our

targeted population group would not be able to purchase a home without MSHA. The real estate professionals ranked the Down Home and Closing Cost Assistance programs as very good, and the Purchase Plus Improvement program as good. Lack of government insurance was raised as a problem in for these programs.

Of note was the fact that 68% of those surveyed suggested that 40% of their business was in selling homes at or below median state selling price. Another 20% noted that between 41%-60% of their housing sales were at or below median price. The Closing Cost Assistance program, while ranked as very good by the respondents, was used by less than half of the real estate professionals.

Lenders. Lenders responded at roughly the same levels as the previous survey. MSHA's vision is consistent with lenders' sense of MSHA's role in providing housing for low income citizens. The first time homebuyer was the most important priority group to be served through MSHA programs (few comments were made about other MSHA programs).

In response to suggestions related to the buyer in the 1995 survey, MSHA introduced the Down Home program and increased the income levels to be served (to 100% of median). Interpretations were clarified through revising the recapture provisions. From a delivery perspective, MSHA worked to make the process easier for the lenders through a streamlining program and reduction in servicers. MSHA also, in response to the survey concerning lender needs, increased the fee to the lender, reduced the document and paperwork movement and improved its information dissemination.

In the 1997 survey, the lenders generally felt that the reduction in servicers and streamlining process were positive and reduced individual workloads per loan, in some cases by up to an hour or more. They continue to be concerned with the 3 points rule (the seller must pay, noting that requirement was increasing the cost of the home). While there was some concern about the lack of government insurance programs related to our improvement package for buyers, most noted that it was a positive program that acknowledged Maine's older housing stock. Lower downpayment requirements were again mentioned as a need.

Those that responded positively noted that the staff's response has improved greatly, and that consistency among answers was better. The process was faster, the fee appreciated and the reductions in paper flow helpful. The few negative comments were focused on income limits being too low, a need for more consistent training programs and in the servicer reduction (for those who preferred not to lose such a role). Many noted that the Purchase Plus Improvement program would work better with a government insurance program attached to it.

Developers. Once again, ten for profit and twenty-five non-profit developers responded to the survey. In the 1995 survey, Developers focused on a cumbersome closing process, concerns over insufficient financial and human resource commitment and an overall sense that the MSHA application process is more cumbersome than need be.

The general sense of the 1997 survey was that our products do serve Maine low income families well. Most respondents emphasized a need to maintain a broad range of programs because of the diversity of low income housing needs. While comments were made regarding a cumbersome process and deep subsidy targeting, there was also recognition that the job being done was good, given declining resources.

Communication about our programs offered very contrasting responses. One group noted that communication was improving, the program design and public input process were getting better and that the developer focus groups were very good. Another contingent noted that the

development program needs to speak with one voice, reduce confusion and do a better job listening and adapting to public input. An overall sense from survey response is that the process has improved but needs to continue to improve. There remain some that we have not reached out to in a consistent manner.

General comments by the developer group were extensive. Among common themes were greater attention given to small units and mixed income projects. Surveys called for more work with the homeless, senior citizens and youth with a focus on filling gaps that other agencies cannot meet. Some suggested that MSHA broker outside agency cooperation with the development community, mobilizing new and different resources. Both profit and non-profit developers were concerned with the lower income targeting, noting that lower income limits do not seem to match up to the reward for risk. Generally, several comments noted a need to better support small, existing landlords, believing that the future in housing should be in smaller, less dense, housing projects.

Legislature. The response rate from the Legislature was down slightly from the previous survey, both surveys in the range of 25% response rates. While 25% of the legislators in the 1995 survey identified housing as a high priority, over 30% ranked it as high or very high. The majority in this round, roughly 50%, ranked housing as a moderate priority, with several legislators noting that the issues of the economy and taxes were for the time being dominating their attention.

In the 1995 survey, legislators identified rental assistance and homeownership programs as critical. Since that survey, the FIX ME program was introduced, with many senators and representatives identifying that as the most important program now available (with one exception). The new homebuyers program was also identified as critical to providing better environs for the family, with many noting that better Down Home assistance should be made available. The concern for senior citizens, not really identified in the 1995 survey, clearly is on the mind of legislators this time.

Customer Surveys

Section 8 Vouchers and Certificates Survey. MSHA undertook an analysis of its Section 8 Voucher and Certificate program for the following reasons:

- To better understand Section 8 demographics, using them to identify how and who are best able to move through the "continuum" of housing options offered by MSHA and its partners.
- To assess the satisfaction of the customers being served in terms of their relationship with MSHA and its agents.
- To analyze whether the large amount of paperwork and monitoring required for this federal program is serving as an imposition or barrier to the customer and whether there was anything MSHA could do to minimize those issues.
- To identify geographic issues that may play a part in finding a quality housing unit.
- To see what improvements might be made to the communication network serving the Section 8 program.

In March of 1997, MSHA surveyed households who received a Section 8 Certificate or Voucher. The survey randomly selected 10% of the recipients from the Section 8 roster and received a 100% response rate to the written questionnaire. MSHA's findings and recommendations are based on 335 responses from roughly 3,100 recipients.

Summary

The survey responses point to the following findings:

Demographic Overview:

- ⇒ Seventy eight percent of the respondents were not working, while 13% were working part-time.
- ⇒ 32% of the respondents had not received a high school diploma.
- ⇒ Of those surveyed, 200 were in the program less than 5 years (67%), the average time in the program was 4.59 years, the median time 3 years.
- ⇒ Almost two thirds of the participants found out about the program through word of mouth, 33% of those through friends and family.

Agent Performance:

- ⇒ Overall customer satisfaction with the agent network is outstanding: 82% noted satisfaction as very good or better while 88% reported that the rules were explained very well.
- ⇒ Only 45 of 317 respondents had trouble making telephone contact with their agent when necessary, with most of those complaints identifying Washington-Hancock CAP and York Cumberland Housing as the most difficult.
- ⇒ Forty percent of the respondents were not sure that they were re-certified in the last year (an annual requirement).
- ⇒ Over 72% of the agents were identified as helpful in obtaining needed repairs from landlords; Washington-Hancock and Allen Management receiving the lowest scores.

Quality of Housing

- ⇒ Up to 80% of the respondents reported little difficulty in finding housing. Knox, Cumberland, and Hancock Counties were identified as the most difficult while Somerset, Oxford and Lincoln were considered the easiest.
- ⇒ Thirty percent of the respondents were already in their housing when they received their certificate.
- ⇒ When looking for housing, this population identified affordability (29%), quality of neighborhood (17%), quality of housing (16%) and proximity to services (16%) as the most important.
- ⇒ In receiving a certificate, 55% of the respondents did not move during the period they were in the unit. Of those who did move, they averaged 2.2 moves with 69% of those remaining in the same town.
- ⇒ Up to 18% identified their housing as poor quality.

Home Ownership Aspirations

- ⇒ Thirty one percent of the respondents have noted that they want to purchase a home.

Recommendations

The following program recommendations are from insights gleaned from the survey. They reflect comments being made in the context of a program that is operating very well.

1. MSHA will formally recognize, in one form or another, the outstanding agent work that lead to high customer satisfaction findings. MSHA staff serving Section 8, based on this survey, deserve the same recognition.
2. Different agents, in this report, were identified as having some small problems in program delivery. Each agent will be made aware of their particular problems and encouraged to cure the problem over the next two years.

3. Responses indicate that some customers really aren't aware of program or recertification requirements. While agents were identified as explaining the program well, respondents were not necessarily understanding what was explained. Staff will examine the agent review processes, identify common inconsistencies or problems with a view to streamlining and develop a training program to address them.
4. Significant differences in opinion exist around the important question of how long people stay in the Section 8 program. A data management mechanism will be put in place so that that question can be answered to the satisfaction of all.
5. An observation of this program: the demographic characteristics of this population are not dissimilar to that of the homeless population. General estimates suggest that there is a base population of 27,000 households that are homeless prone and part of this program and another 20,000 households that are cost burdened renters that could potentially fall back to this level. It is incumbent upon MSHA to work with appropriate partner agencies to develop service and self sufficiency support that reduce the number of eligible households needing assistance through the Section 8 program. General demographic data suggest that education and job training are the most critical.
6. Consistent with MSHA's philosophy of serving the housing needs of Maine low income citizens through a continuum, it is recommended that a program be developed with the agents to facilitate the movements of Section 8 clients to home ownership. This will include identifying those with interest, recommending those with interest to family self sufficiency training through the CAPs and identifying financing vehicles, including expansion of the current pilot program for family self sufficiency being run by MSHA.

Keeping Seniors Home. The Maine State Housing Authority (MSHA) in conjunction with the Department of Human Services (DHS) and the Kennebec Valley Community Action Program (KVCAP) introduced the Keeping Seniors Home pilot in the winter of 1997. The purpose of the pilot is to provide low income, frail elderly homeowners living in Kennebec and Somerset counties with needed home repairs. Each of the seniors participating in the program would likely reside in a nursing home situation without the home repairs.

The Keeping Seniors Home pilot was developed for two reasons. First, an individual's quality of life is inextricably tied to the place they call home. The longer a frail elderly can stay in their home at their choice, the higher they will value their quality of life. To accomplish this goal, improvements had to increase mobility and independent living for eligible seniors and reduce heating and home operating costs. Standard methods of doing this included renovations for wheelchair access, increasing bathroom and kitchen accessibility, increasing the safety of the individual in their home, electrical upgrades, and upgrading poor heating systems and insulation.

Secondly, the cost of keeping a frail elderly in their home, with home assistance where appropriate, will be less expensive than alternative nursing home settings. The findings of this study will contrast the cost of nursing home environments with those of staying home.

Summary Findings. In June of 1997, we surveyed 18 of the 25 seniors served. The surveys were conducted at the homes of the participants. A summary of the findings are:

- 8 of the recipients live in two-story houses, 3 live in one-story houses, and 7 live in mobile homes.

- 28% would have liked to have had more work done on their home.
- 83% surveyed received new windows, while 67% received new doors, both of which were easier for the seniors to open and close.
- 44% added wheelchair ramps and 33% had bathroom renovations.
- 39% had a new furnace installed; 78% were receiving Heating and Energy Assistance Program.
- 72% noted that climate control within the home improved dramatically. New windows and the ability to open and close them were noted as being an important part of that process.
- 100% of the respondents were very satisfied with the quality of the work and were very comfortable having the contractors in their homes. 76% noted the workers were friendly.
- The Keeping Seniors Home pilot had an average improvement cost of \$8,000 per unit. With an average of \$8,000 in improvements, we can project an annual Medicaid savings per household of \$1,900. Within 10 months, the original \$8,000 investment into the unit will be paid back.

FIX Me. The FIX Me report is still being put into final form. However, a number of findings can be drawn from that preliminary draft and presented here. They include:

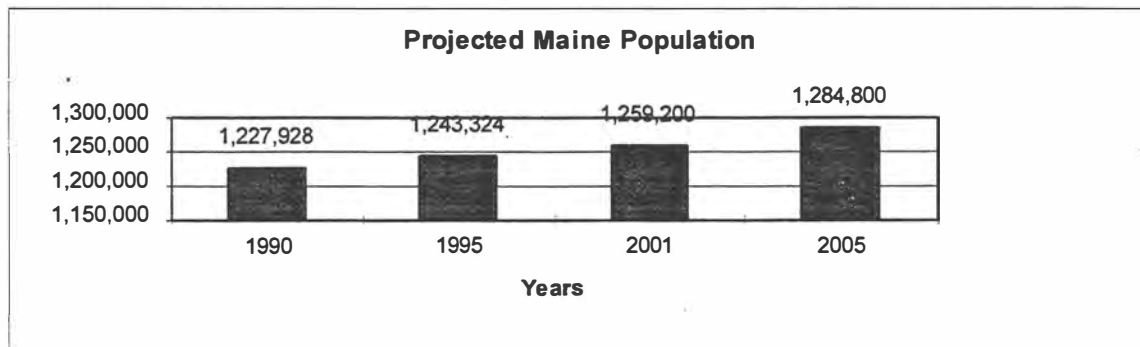
- The median age for the householder in this program is 42 years old and makes a yearly median income of \$16,752.
- Fifty-six percent of those reporting make between 60-80% of median income, 44% make less than 50%.
- Delinquency rates for the program are running about 7.6%, spread across all income groups.
- The most common improvements included heating system replacements, bathroom and kitchen upgrades, interior cosmetics, roof improvements, window and siding repairs and septic system replacements.
- Over 75% of the respondents rate the quality of the improvements very high, 78% ranked the behavior of the workers very high and 73% rated the overall contractor satisfaction very high.
- 57% of the respondents had received other CAP assistance in the past, primarily Low Income Housing energy Assistance or weatherization.
- Loans closed within 1-2 months, with half closing in less than one month.
- All but two surveyed would recommend FIX-Me to another.

Because of substantial demand, the program appears to be relatively elastic in terms of interest rates. Somewhat higher rates can be supported by the program without reducing the number that are served. Delinquency rates will need to be monitored.

HOUSING AND ECONOMIC DEVELOPMENT TRENDS

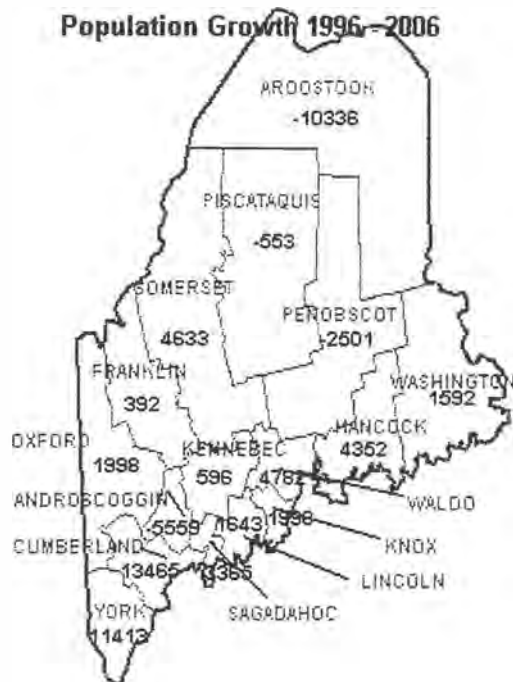
In order to develop an effective and efficient program for low income housing and economic development, it is critical to identify the key trends that influence the housing market. This section will focus on general economic trends that impact employment and housing needs for Maine's poor. Much of the information collected for this analysis is drawn from data at MSHA and DECD, the 1996 UDS Market Base Data Package, the 1990 Census and appropriate state agencies. What the general trends suggest at this time is:

- Maine is expected to grow at a very slow rate over the next ten years, assuming no major change in the statewide economy;
- households will continue to grow at faster rates than families, suggesting more living alone, more living longer alone, and new emerging youth that, for financial reasons, may be required to live with others without creating new families;
- the baby boom generation remains the largest population group in Maine but is expected to decline as a group in total number over the next ten years;
- the less than 18 years of age population and 65-74 will decline over the next ten years, but those over 75 will increase across most counties;
- the young and old tend to be more poor, while the primary income earners in the state are of baby boom age;
- median income differs greatly across all counties; and,
- growth is anticipated in the professional, educational, health and retail trade sectors, with retail trade having twice the number of employees than any other trade group conversely, retail trade and the natural resource industry receive the lowest annual employee incomes.
- In 1997, there is a clear shortage in subsidized housing of 16,781 units. By 2001, it is projected that there will be an additional 3,000 renter households making less than 50% of median income.
- There is a need to focus resources on assisting the 53,232 existing poor homeowners with housing maintenance issues.



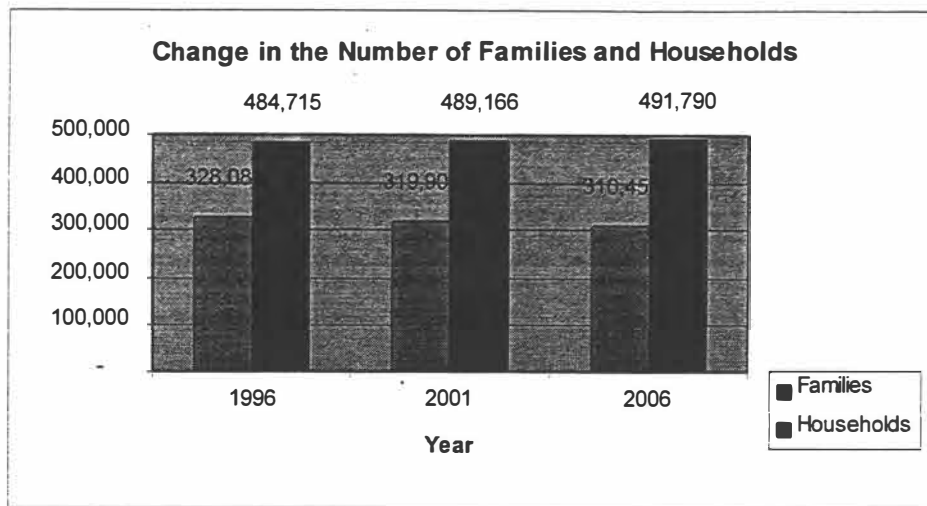
US Census; UDS, 1996; state Planning Office, 1997

Through 2005, Maine's population is projected to grow by some 56,872 people, using 1990 as a departure point. That rate of just under 4.5% is half of the population growth rate between 1980 and 1990 of 9%. This is a period of slow growth for Maine, fueled by changing economies as Maine moves further from the mill and manufacturing dominated economy of its past. Changes in this trend in either direction will depend largely on shifts in economic activity by region.



The annual population increase of .06% is not consistent across the state. This pattern is similar to the influences of the 1980s, when southern Maine responded to the expansive growth in the Boston metropolitan area. Southern Maine is growing at a somewhat stronger rate than the rest of the state. York and Cumberland Counties are expected to grow by some 24,000 people (half of Maine's population growth), while the mid-coast communities are expected to see a slower but steadier growth rate. This growth rate is offset by Penobscot, Androscoggin and Aroostook Counties. Each county remains in a period of transition as they move away from their dependence on various defense and natural resource industries. This slower growth rate is of course a reflection of the economic patterns of the early 1990s, with substantial change in economic opportunities a key to future trends.

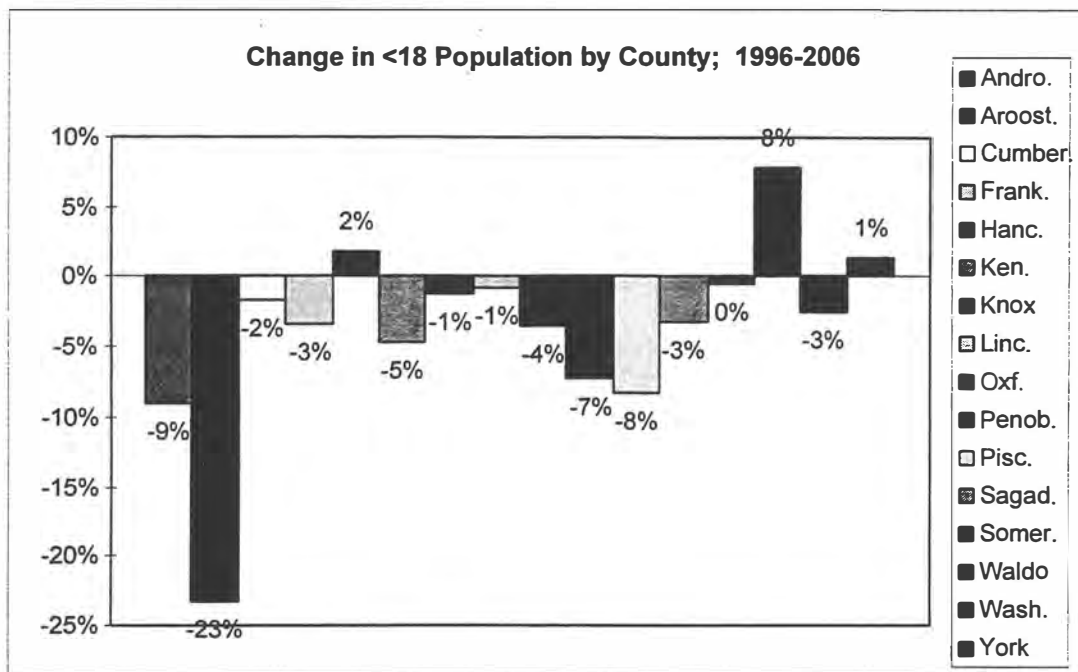
Within these county trends exist several patterns statewide that impact decision making. First, a pattern from the 1980s will continue as households will continue to grow at a 1.5% rate over the next ten years. In contrast, families as a portion of total households will decline by some 5% over the same period. Since national trends suggest a decline in divorce rates, the decrease in families as a portion of households is likely the result of older single person households living longer or a slower rate of younger households creating families. As the affordability of housing in southern Maine increases the need for non-married individuals to share housing will increase.



Age clusters provide other critical insight into the shifting Maine economy. The 1990s represent the emergence of the baby boom generation as prime income earners. Those that are 35-50 years of age are now entering their prime earning potential, while those with the greatest disposable income for the age group, the 65 years of age plus, are a significantly smaller group than the rest of the population. At the same time, Maine is experiencing the entry of the baby boomlet group into the prime household formation stage, but this group of ages 18-29 is anticipated to show a short term decline and then grow some 3% between 2001 and 2006. Their income potential will be a key driver of the economy over the next ten years.

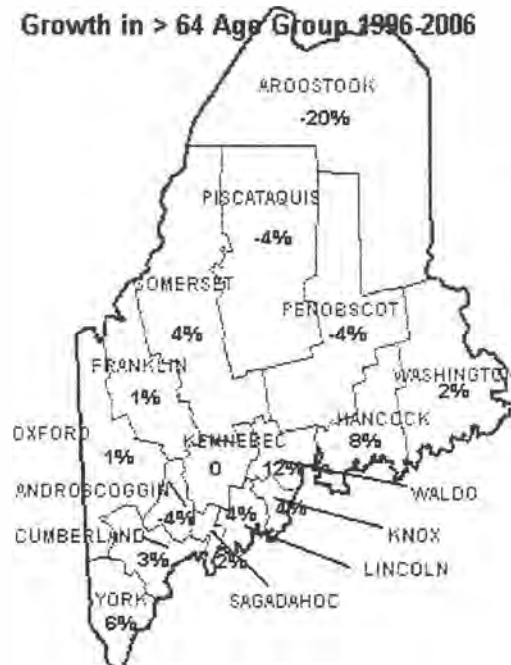
Changes in Age Characteristics					
	1996	2001	% change	2006	% change
			2001-1996		2006-1996
Age: <18 years old	318,138	313,755	-1.38%	305,581	-2.61%
Age: 19-64 years old	756,659	766,231	1.27%	775,782	1.25%
Age: >65 years old	168,527	167,528	-0.59%	169,574	1.22%
Age: 18-29	191,640	184,601	-3.67%	190,825	3.37%
Age: 45-64	255,539	287,266	12.42%	321,782	12.02%
Median Age	37	38	3.71%	39	3.29%

Of concern from an economic perspective is the projected decline in raw numbers of the baby boom generation as they age over the next ten years. During this period of relatively flat population growth, this "slug" moving through the life cycle continuum is projected to decrease in size by some 11%. This has a series of impacts on Maine's economy as prime income earners move out of the state, reducing the demand on housing, reducing the impact of their income flow on secondary and tertiary markets, and increasing the state's need to find alternative revenue. At the same time, this 15-year age span remains the single largest population group in the state and will create an increased demand on senior oriented service beginning in roughly ten years.



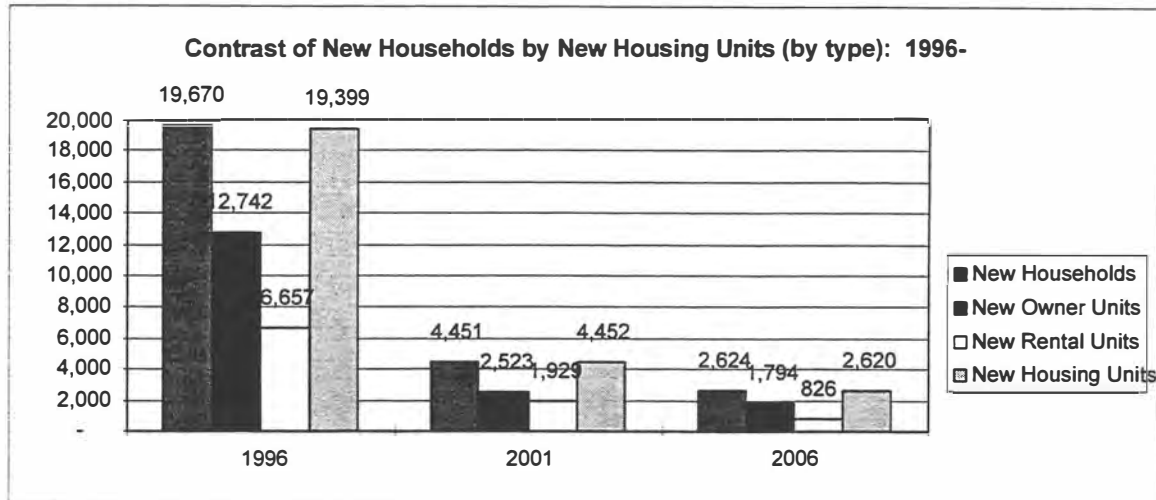
The decline, over ten years, in those that are less than 18 years of age is relatively consistent across the board for all counties. This pattern of change is in contrast to the over 64 age group. The increase of those over 64 years of age is confined to the coastal communities, where services and attractions are important in long term retirement decisions. Further, within those that are 64 years of age and over, there exists a very different pattern for those between 64-74 years of age and those greater than 75 years of age. For those between 65 and 74 years of age, their growth rate is projected to decline by 8%, while the growth rate of those over 75 years of age is expected to grow by more than 10%. For those over 75 years of age, an examination of those that are in nursing homes or senior care living centers suggests most are there because it is nearby to their families (Facility Sub-committee on Senior Citizen Retirement Industry, 1996).

Growth in > 64 Age Group 1996-2006



These shifts in populations groups, with both growth and decline, will have an impact in the rate of new housing unit development. During the next ten years, it is projected that new

housing units for Maine will increase by 7,072, with roughly 62% of those being single family units while the remainder are multiple family units (up slightly from its historical percentage of less than one-third). As has been the pattern in the past, the counties dominated by major cities will experience the majority of rental housing increase. At the same time, and consistent with the increase in households, one and two person households are anticipated to increase while larger households will decline. The demand for new housing, like the population trends, will be experienced in the two large southern counties, as well as modest growth along the remaining coastal counties.



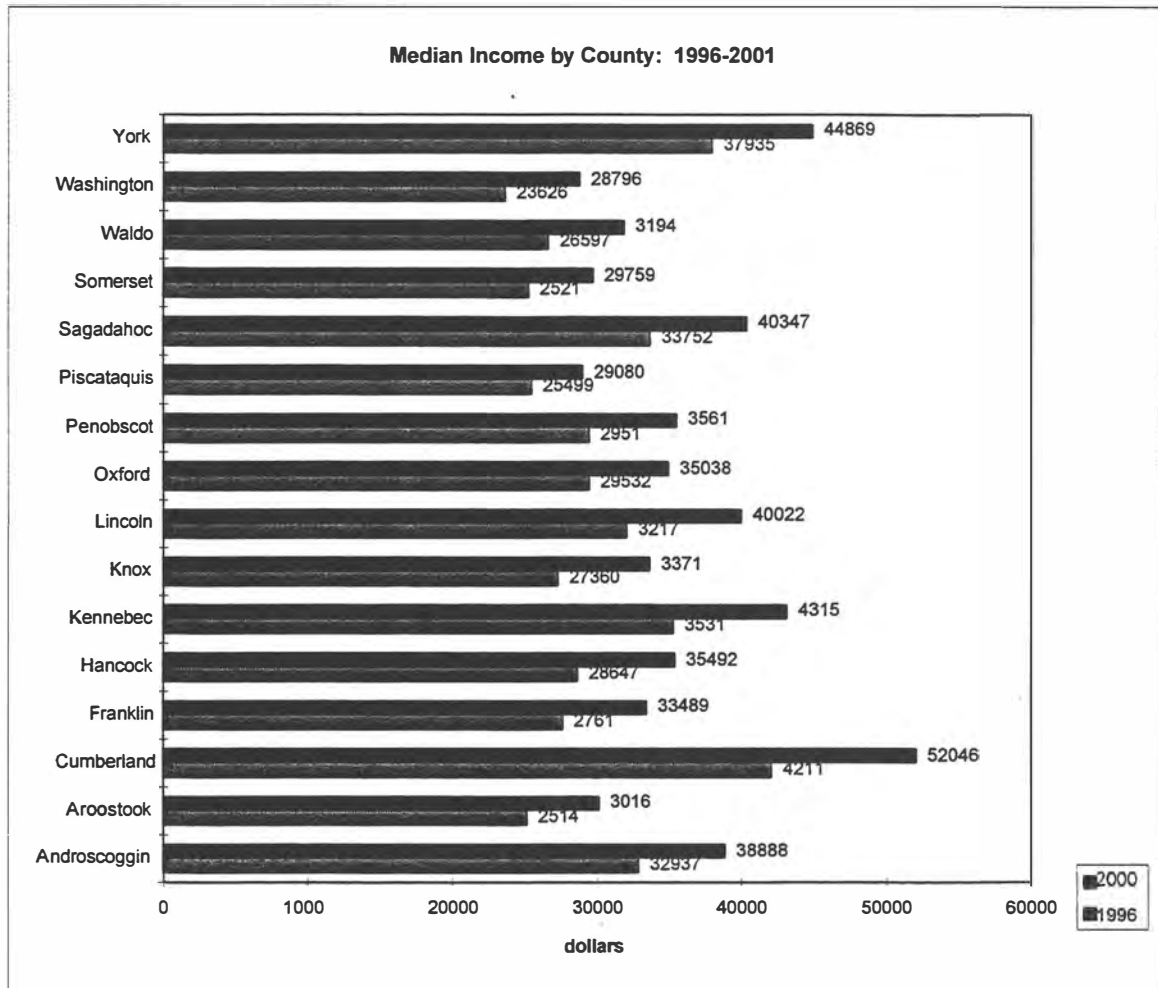
The above graph points to a present demand for housing that exceeds the number of units available. The shortage of housing in 1996 seems consistent with the pattern of housing starts in the south to meet that demand (*Portland Press Herald*, November 4, 1996) and the number of homeless families that continue to seek housing today (see Homeless Continuum).

While population is projected to grow at a relatively flat level, median income across the state is expected to increase by some 4.6% per year. Across age groups, this median income increase is expected to be strongest in those that are between 35-64 years of age. Those under 34 years of age and those over 65 years of age will make something less than the median income in this state and are very likely groups that may need to be targeted for assistance.

Projected Income Levels: 2001										
Head of Household	Number of Households by Income Category (\$ in 000s)									Median
By Age	<5	5-9.9	10-14	15-24.9	25-34.9	35-49.9	50-74.9	75-99.9	100+	Income
<25	1212	1893	2736	5172	4577	4678	3065	492	401	\$ 24,672
25-34	2103	3321	5730	11890	14275	18673	15813	4185	3213	\$ 32,781
35-44	2524	3755	6825	13277	17205	26660	30351	10404	9164	\$ 39,068
45-54	2341	2919	5122	10014	12343	19320	25369	9787	9493	\$ 42,943
55-64	2090	2753	4381	7553	7595	10511	11022	4151	4071	\$ 36,278
65-74	3227	6425	8474	11677	9571	10331	9913	2800	3185	\$ 25,688
75+	3203	6457	6174	6908	5422	6050	5800	2004	1917	\$ 22,450
All of Maine	16790	27470	39199	65772	69818	94596	100053	38566	36871	\$ 35,192
80% of Median	16790	27470	39199	65772	34909					\$ 28,153
	Total Households at 80% = 184140									

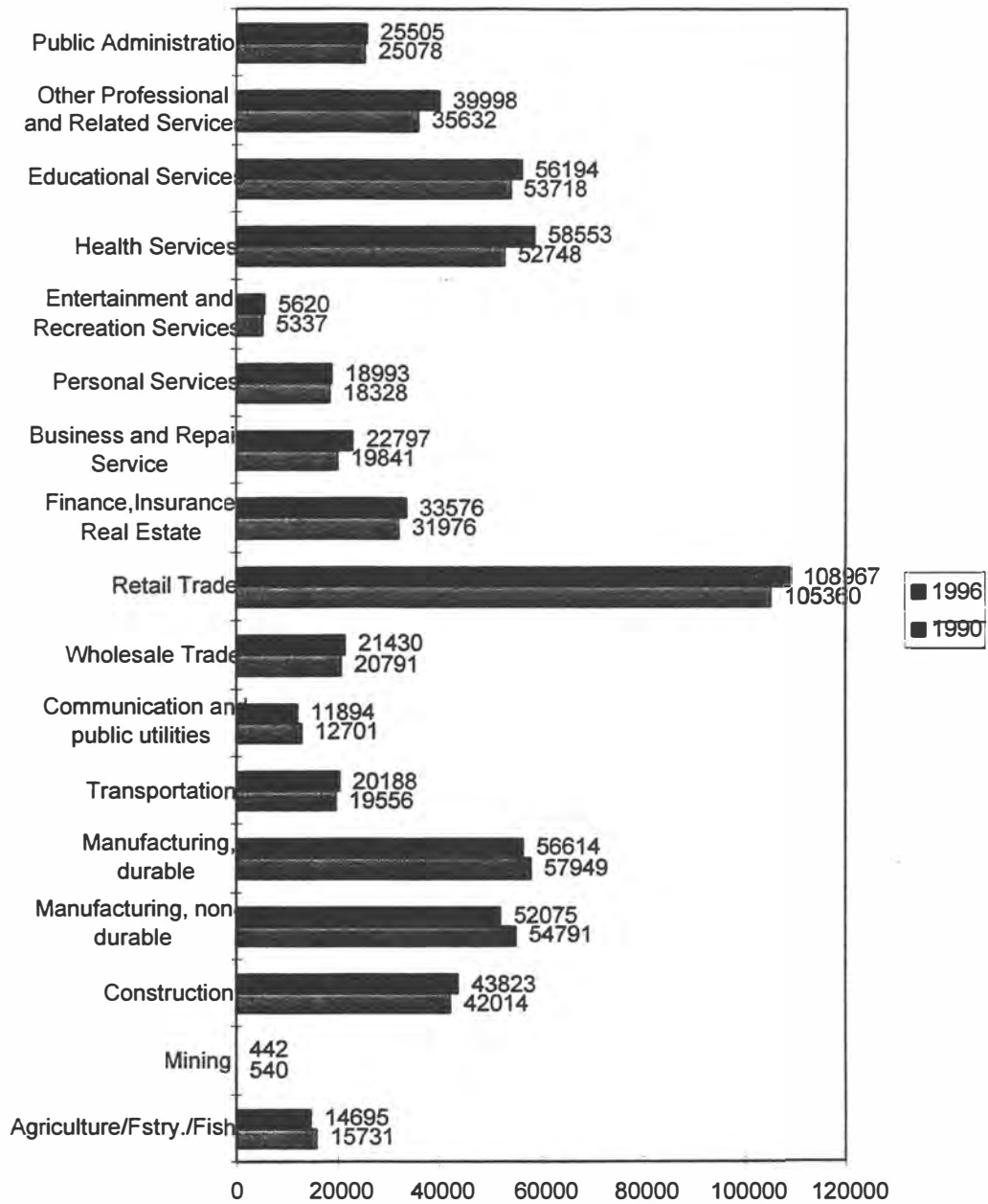
(Note: State of Maine is average of medians in this table)

While household formation is expected to increase, creating the need for more than 7,000 new units, there is a contrasting larger increase in households that will be below 80% of median income; a key determinant for housing support services. Drawn from the table below that reports 1996 and projected income across all counties over the next five years, median income is dramatically different from one county to the next. From a housing policy perspective, there is an anticipated increase of 20,000 households making less than median income. This pattern is consistent with job development and the income base for each of those jobs.

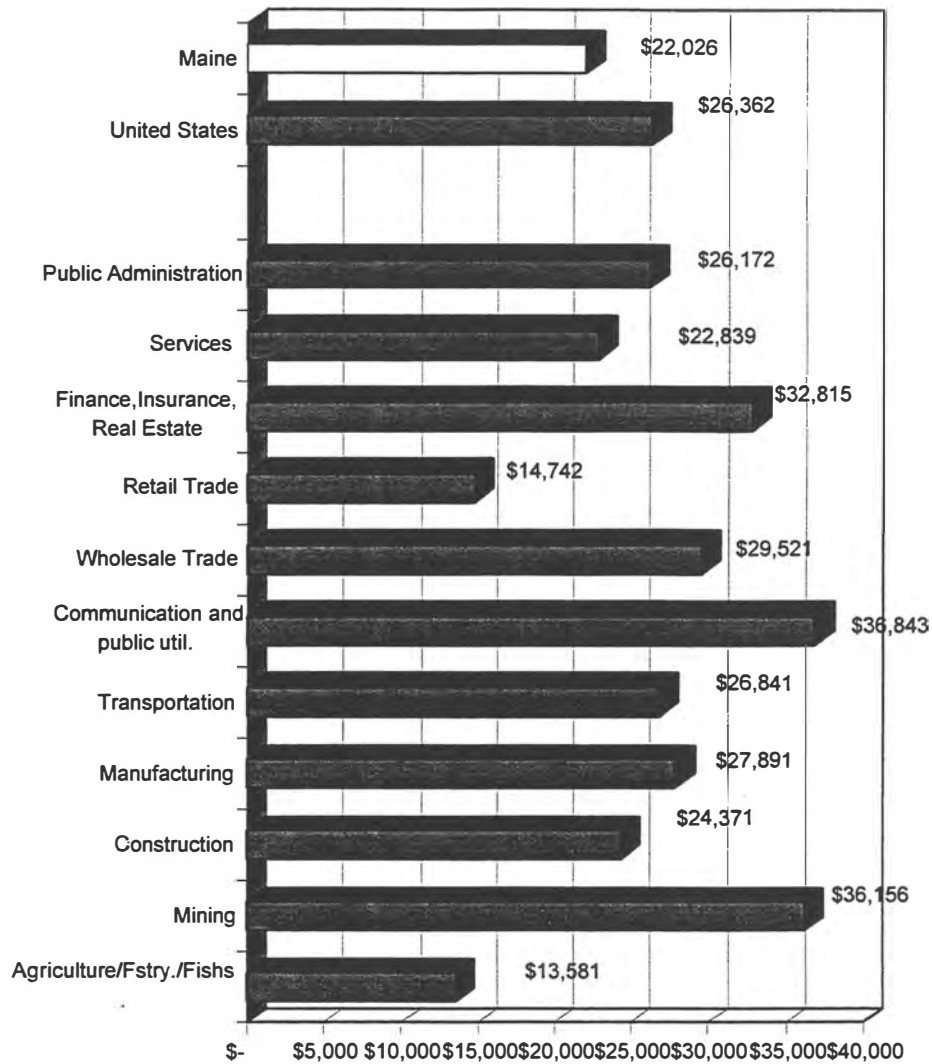


As the tables below suggest, changes in the Maine economy are a continuation of a pattern set in motion in the 1960s and 1970s. While manufacturing and the natural resource base industry, staples of Maine's past, are projected to decline, a variety of service industries will increase in growth. Some, like the finance, service, public administration, and wholesale trade industries will approach or exceed median annual income levels, while a number of industries, such as the retail sector (the fastest growing) and the service sector will not. The rate of growth is steady in wage and salaries, but trails the consumer price index.

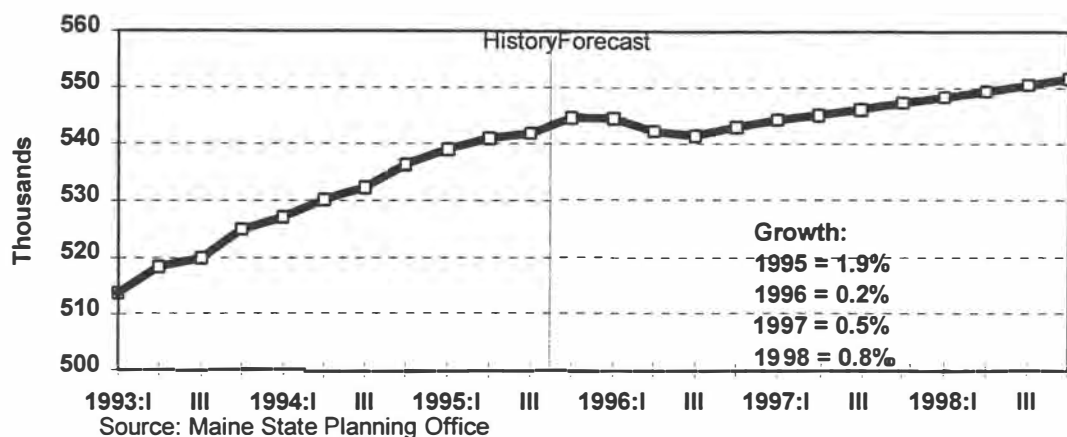
Employment by Industry: 1990-1996



Estimated Annual Incomes per employee by Industry: 1993

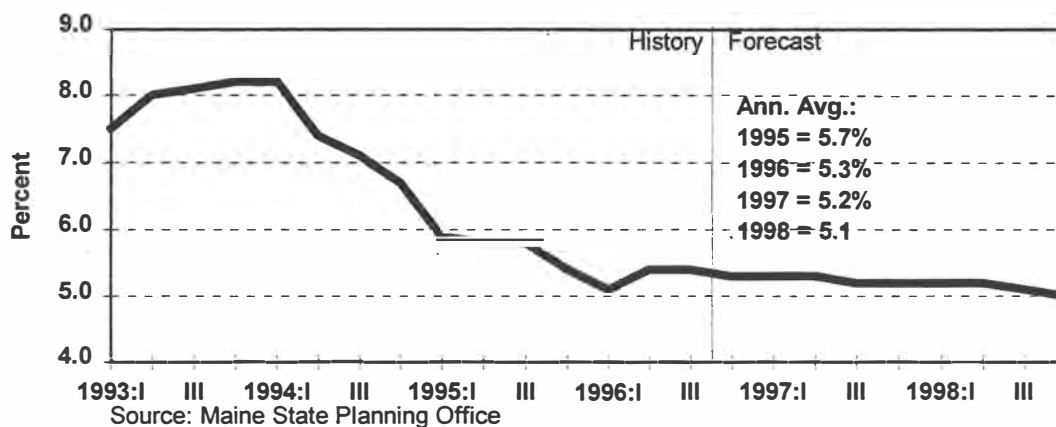


Maine Wage & Salary Employment



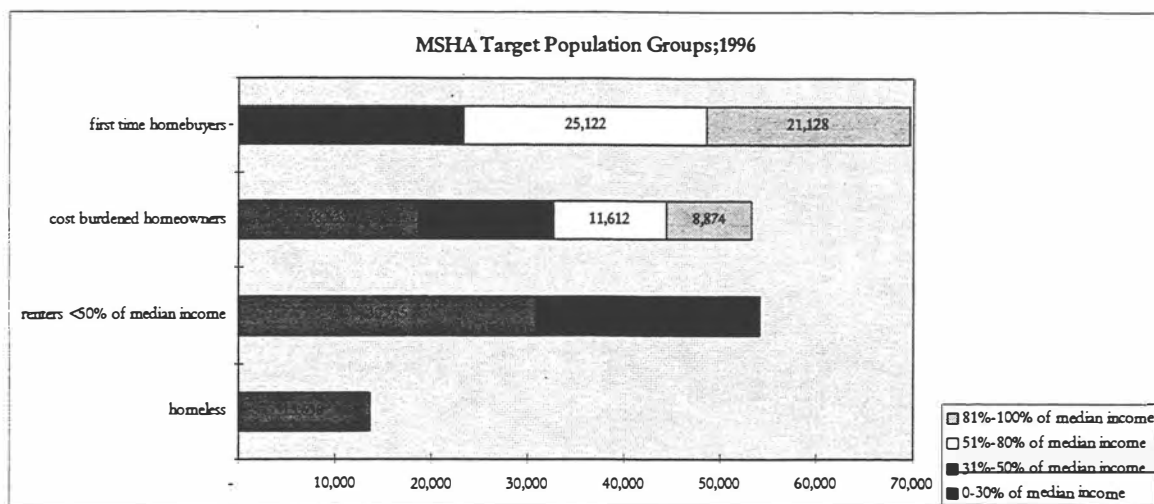
Despite the prevalence of lower incomes, Maine has seen a consistent improvement in the unemployment rate since 1994, declining from over 8% to less than 5% in 1998. The average annual rate for 1997 is projected to be 5.2%. More important, this has occurred through the development of roughly 20,000 new jobs during this period, a 3% growth rate. However, analysis done by the Maine Department of Labor notes that the increases have been primarily in the coastal counties, with the northern counties experiencing continued decline.

Maine Unemployment Rate



HOUSING PRIORITY GROUPS NEEDS ASSESSMENT

MSHA identified five key priority housing groups in its strategic planning process. This section of the Consolidated Plan is designed to describe the critical needs for each of these priority groups, based on recent trends and future projections. The following graph identifies the broad needs of four of the five groups:



A MSHA Disclaimer: the local needs analysis. As one reviews each priority grouping, please consider the fact that markets in Maine vary dramatically as one moves from the south to north (please see the general trends section). Much of this market variation is the product of shifts in economic development patterns, in turn creating a shortage or surplus supply in housing on a local level. As demand shifts, housing projects, particularly in the subsidized, multiple family market, tend to become more vulnerable. Where demand exceeds supply, housing costs grow, creating new pressures on those at or below median income, expanding those experiencing cost burden. The market generally moves then to create new housing to serve particular groups identified at the local level.

Where supply exceeds demand, the cost of housing may decline. While this is advantageous to those in the low and moderate income market, it can also have the effect of reducing income flow to the owner/developer of these projects leading to a decline in housing quality or ultimately, foreclosure. In these instances, where the economy is weak or in decline, whole neighborhood disinvestment can occur, creating a downward spiral of property values and quality. In these instances, community investment may better be suited to the stabilization of existing properties, as opposed to the creation of new housing units.

The impact of shifts in supply and demand are identified here because of the need to balance those relationships. For example, a project purports to serve senior citizens between 65-75 in a particular community with a specific level of subsidy. Senior citizens remain a critical priority group to serve in the housing market and are supported by this plan. However, upon conducting a local needs assessment or marketing analysis, MSHA may find that the supply in a variety of senior housing projects in that community presently exceeds or is close to existing demand. In those cases, MSHA may not support the development of that project, may require shifts in the population being served, shifts in the types of subsidies used, or some similar action that better serves a local housing demand.

In broadening the ability to extend what are becoming more and more scarce financial resources, MSHA will look closely at individual markets to be sure that staff have correctly identified the market demand and are serving the population priority groups in the most efficient way.

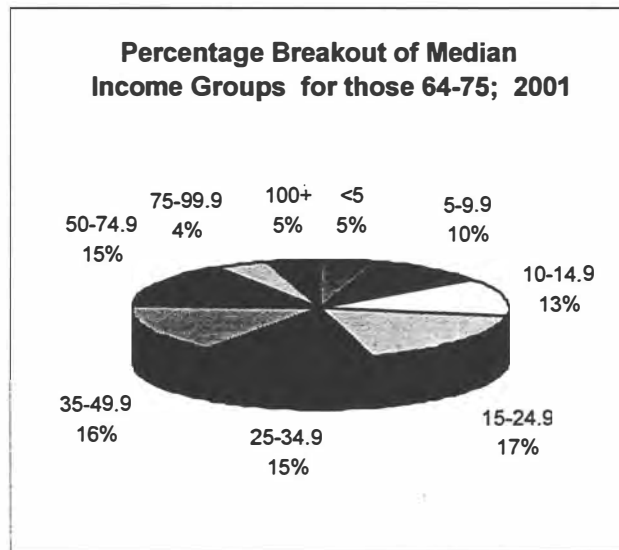
SPECIAL NEEDS POPULATIONS

Special needs populations identified in this plan update include, among others, senior citizens, children with special needs, persons who are mentally ill, and persons with physical disabilities. The update is focused on these groups as they represent shifts from those trends identified in 1995's plan.

Senior Citizens. Maine has 108,810 households headed by someone over 64 years of age; that is up 4.4% from 1990, or 0.7% per year and higher than the overall annual population increase of 0.21%. It is estimated that more than 27,000 non-institutionalized older Maine persons have mobility impairments or self care limitations; approximately 8,400 are being served.

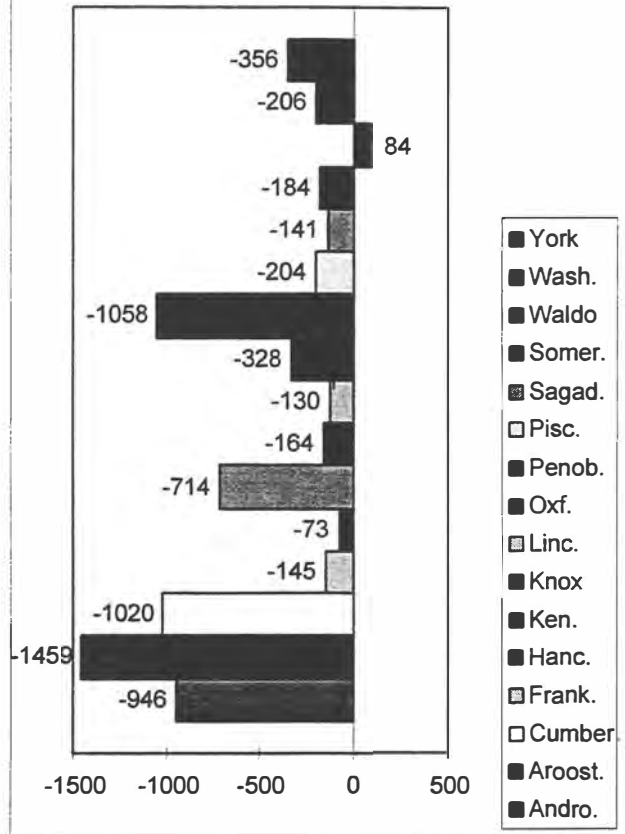
Maine has the 5th highest rate of owner households in the U.S.; yet, in contrast with other states for the population between 65-74 years of age, the single family owner occupancy rate drops to 16th; for those over 75 years of age, Maine's owner occupancy rate drops to 40th among the 50 states, while the rate of seniors in nursing homes is the highest in the U.S. The highest cluster of households without plumbing are those with heads of households in excess of 75 years old.

Maine seniors tend to be poor. Projections suggest this pattern will continue over the next five years. Sixty percent of that population makes less than the median income. Twenty-five percent of the senior population makes less than 30% of median income, one of the highest such clusters by age group.



Poverty among seniors tends to increase as they become older. Further, present trends suggest that those between 64 and 75 years of age are actually decreasing in numbers across the state, likely reducing the number of those slightly above the median income level since that population group has the greatest capacity to migrate to and from the state.

Change in 64-75 Age Group; 1996-2006



At the same time, it is also projected that the number of those who are over 75 years of age will increase in size. A review of public and private housing operations for senior citizens suggests that this pattern is fueled by seniors wanting to return to live near their families. Anecdotal evidence suggests that in the public housing arena, these are typically individuals within the state moving to be near the family. In private pay housing for seniors, over 50 percent of the seniors are drawn from out of state to be near their families.

Change in 75+ Population by County, 1996-2006



As one reviews the patterns of need for senior citizens, a continuum of care model emerges. This model reflects an array of housing options that may include combinations of independent to full assisted living. In considering these options, it is critical to note that the largest population group, the baby boomers, will begin turning 60 ten years from now. Hence, this is an ideal time to develop and examine the best mix of senior housing options presented below in an effort to identify which options will best serve low income senior citizens in the future.

Persons with Mental Illness. Information on mental illness is provided by the Department of Mental Health and Mental Retardation Substance Abuse Services (DMHMRSAS) and was used in developing portions of the continuum of care for the homeless. This information was modified from the 1995 plan through a change in the inventory process that resulted in the total population doubling of those that suffer from varying degrees of mental illness. With an estimated population of roughly 21,000 persons, MSHA then applied the same resource associated functional scale used in DMHMRSAS reports to identify housing need. This scale allows us to examine housing needs in terms of the service the individual will need and, to a lesser extent, the level of construction that will be needed to be built into the structure. In the scale, those considered dangerous will need the greatest number of services and secure housing, while those that are system independent will need the fewest.

The scale was then adjusted, based on earlier input from DMHMRSAS, to the class membership (having received some level of service) to identify those that have specifically identified housing needs as a member of those presently under treatment. As the chart notes, DMHMRSAS has been successful in working with those in greatest need of services and housing.

Resource Associated Functional Level Scale					
	Consumers	%	Class	%	% of
	Statewide	of	Members	of	Consumers
	Total	Group		Class	Statewide
<i>Dangerous</i>	215	1%	128	4%	60%
<i>Unable to Function</i>	1397	7%	602	19%	43%
<i>Lacks ADL/Care Skills</i>	2364	11%	637	20%	27%
<i>Lacks Community Living Skills</i>	3051	14%	701	22%	23%
<i>Needs Role Support and Tr.</i>	7521	35%	797	25%	11%
<i>Support/Treat for Stress</i>	6060	28%	333	10%	5%
<i>System Independent</i>	881	4%	3	0%	0%
	21489	100%	3201	100%	15%
Method: taken from 1994 Housing And Residential Support Services, DMHMR					
factored to new base based on 1996 Consolidated Plan for AMHI Agreement					

DMHMR Housing; 1996									
				Res		Unit		Total	
	of	S+C	% of	Treat.	%	Based	%	DMHMR	%
	Maine's	rental	all	Fac.	of	subs.	of	Units &	of
	Pop.	TBRAs	S+Care	Beds	beds	Hsing.	units	Beds	total
Androscoggin	9%	39	10%	27	14%	1	0.4%	67	6%
Aroostook	7%	12	3%	18	10%	22	10%	52	5%
Cumberland	20%		0%		0%			0	
Portland Area		92	23%	68	36%	64	29%	224	25%
Mid-coast		12	3%	0	0%	25	11%	37	6%
Franklin	2%	8	2%		0%		0%	8	1%
Hancock	4%	14	4%	6	3%		0%	20	2%
Kennebec	9%	24	6%	28	15%	19	8%	71	7%
Knox	3%	8	2%		0%	7	3%	15	2%
Lincoln	2%	8	2%		0%		0%	8	1%
Oxford	4%	8	2%		0%		0%	8	1%
Penobscot	12%	104	26%	22	12%	43	19%	169	24%
Piscataquis	2%	7	2%		0%	5	2%	12	2%
Sagadahoc	3%	8	2%		0%		0%	8	1%
Somerset	4%	8	2%		0%	7	3%	15	2%
Waldo	3%	8	2%		0%		0%	8	1%
Washington	3%	7	2%		0%		0%	7	1%
York	13%	33	8%	19	10%	31	14%	83	10%
Total		400		188		224		812	100%
Total AMHI and BMHI=		407		Total Housing=		1219			
Method: Utilized 1994 Housing and Support Services and AMHI reports									
update based on conversation with housing director									

The analysis then contrasted the class membership demand with total available housing (this does not yet include the housing being created through the recently approved homeless application to HUD). Using Shelter Plus Care vouchers, supportive housing operations and other DMHMRSAS resources, roughly 1200 units were identified as being available to the mentally ill, representing roughly one-third of the class membership and significantly less than the remaining estimated population.

Children with Special Needs. The following summary of children with special needs is drawn from an analysis conducted and presented to the Legislature by the Bureau of Children with Special Needs in 1994. The analysis is presently suggesting a total of 13,576 children with severe emotional disturbances, representing roughly half the population of all those with some disturbance issue. Those with severe emotional disturbances are in need of specialized service and may be in need of some housing support.

Children with Special Needs			
	Aged 6-20		
	Severely	Total	% of
	Emotionally	Emotionally	Target
	Disturbed	Disturbed	Population
Aroostook	955	2086	7%
Penob., Pisc., Han., Wash	2622	5730	19%
Kennebec, Somerset	1865	4076	14%
Andros., Oxford, Franklin	2044	4466	15%
Cumberland, York	4298	9393	32%
Sagad., Linc., Knox, Waldo, Bruns.	1792	3915	13%
	13576	29666	100%

While emotionally disturbed children represent the greatest need, the total number of children with special needs is over 40,000. Almost 1,300 children have been identified by the state to have a special housing need. However, an unknown count are likely outside the system, in homeless shelters or on the street. MSHA hopes to further examine this area of need over the next year to more clearly identify potential need.

		Annual Housing Needs			
			Respite	Special	Acute
		Target	Crisis	Foster	treat./
Age		Cases	Housing	Homes	Psych
6-20	Emotionally Disturbed	29666	297	326	460
6-20	Developmentally Disabled	2715	27	30	42
0-5	Developmentally Disabled	3033	30	6	
0-5	Developmental Delay	3137	31	6	
0-5	Atypical Development	1882	19	4	
	Totals	40433	404	372	502
	Total Housing Need	1279			

Physically Disabled. The 1990 Census information was used to identify the physically disabled in the state of Maine. That population is summarized in the following table:

People with Disabilities

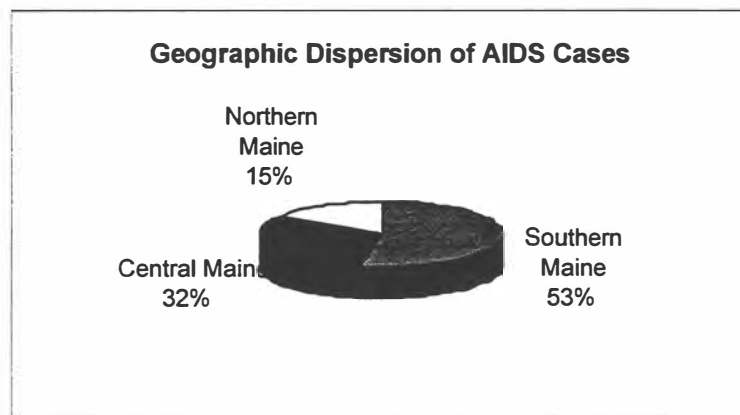
Contrast of Self Care/Mobility Population by State & County					
County		<i>of</i>	<i>Persons</i>	<i>Percent of</i>	<i>Percent of</i>
	<i>Total</i>	<i>Maine's</i>	<i>16-64 with</i>	<i>Total mobility</i>	<i>County with</i>
	<i>Pop.</i>	<i>Pop.</i>	<i>mobility or</i>	<i>Self care</i>	<i>Mobility/Self</i>
			<i>self care prob</i>	<i>Population</i>	<i>Care problems</i>
Andros.	105259	9%	2901	11%	2.8%
Aroostook	86936	7%	1915	7%	2.2%
Cumberland	243135	20%	4681	17%	1.9%
Franklin	29008	2%	515	2%	1.8%
Hancock	46948	4%	606	2%	1.3%
Kennebec	115904	9%	2669	10%	2.3%
Knox	36310	3%	917	3%	2.5%
Lincoln	30357	2%	554	2%	1.8%
Oxford	52602	4%	1343	5%	2.6%
Penobscot	146601	12%	3675	14%	2.5%
Piscataquis	18653	2%	336	1%	1.8%
Sagadahoc	33535	3%	635	2%	1.9%
Somerset	49767	4%	1264	5%	2.5%
Waldo	33018	3%	797	3%	2.4%
Washington	35308	3%	761	3%	2.2%
York	164587	13%	3448	13%	2.1%
Maine	1227928		27017		2.2%

These population estimates tend to be very broad at best. In working with ALPHA 1, further descriptors were developed for the physically disabled population:

- There is a roughly balanced breakdown between male and female.
- The incidence of disability increases as the population ages: 55 of children under 15 have a disability but 34% of those over 65 have a disability.
- People with disabilities are less likely to be married and more likely to be divorced, separated or widowed.
- Physical disability types vary, with 62% of Maine people having difficulty walking. Thirty percent of Maine people with disabilities require personal assistance services.
- About 65% of Maine people with disabilities rely on alternative sources of subsidized income.
- For Health Care, 38% of people with disabilities rely on Medicare, 30% rely on Medicaid and 31% rely on private insurance; 125 have no health care coverage.
- The lower a persons level of education, the more likely he or she is to have a disability.
- Only 30% of those with disabilities have sought the help of public or private agencies for assistance.

Given these tendencies, there remains a clear need to provide appropriate, independent living situations for those that are physically disabled, including homeownership options where appropriate.

AIDS. The table below shows the dispersion of AIDs cases around the state. Sadly, the state reports over 700 cases of those contracting the latter phase of the disease, with over half now being deceased. Those with AIDS in various stages are need of different kinds of support, making supportive housing critically important. The Peabody House in Portland is meeting a portion of that most critical need.



Households impacted by lead-based paint. Lead-based paint remains a critical issue in Maine, particularly since the state failed to receive additional federal funding to support its lead-based paint abatement efforts. The summary below describes that need.

Age of Housing, Income and Lead Paint Risk. In the table below, the number of low income households that were likely to be living in housing with lead based paint conditions are identified. Over 226,000 housing units have lead based paint problems. This represents nearly 40% of all units in Maine and over 50% of all occupied units (50% of Maine's units pre-date 1960).

Table 1: Low Income Households by Lead Based hazard Housing Type

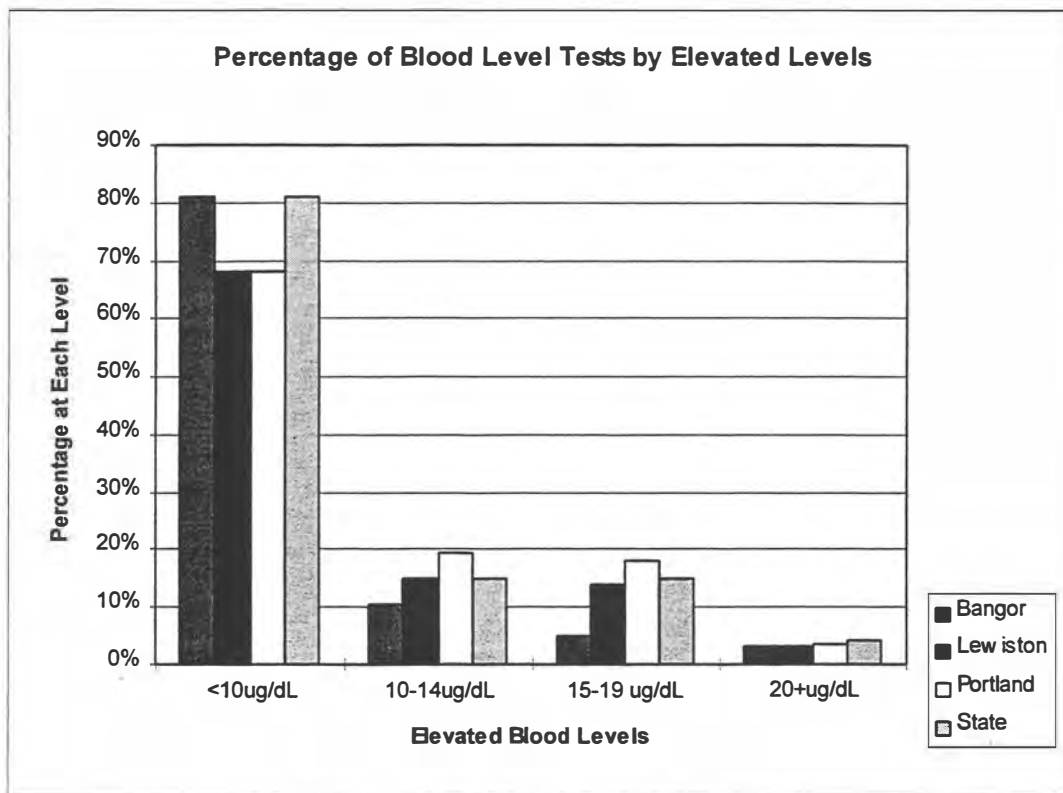
Total Number of Estimated Housing Units with Lead-Based Paint			
Age of Unit	Number of Low Income Households (<than 80% median)	Percent with Lead-Based Paint	Number Estimated with Lead-Based Paint
Renters			
Pre-1940	33,209	90%	29,888
1940-1959	5,249	80%	4,199
1960-1979	30,491	62%	18,904
Owners			
Pre-1940	91,042	90%	81,938
1940-1959	18,176	80%	14,541
1960-1979	124,564	62%	77,230
Total Housing Units	302,731		226,700
Percent renter			23%
Percent owner			77%

With the highest homeownership rate in the country, the primary concentration of lead based paint is in homes owned by Maine citizens. Based on the age of housing in Maine, units with lead based paint hazards are widely dispersed throughout Maine's small towns and villages.

The highest risk for lead based paint poisoning exists where there is the combination of poverty and older housing. MSHA estimates there are 100,000 such rental units and 150,000 homeowners who are at less than median income and live in a unit with lead based paint hazards. Of those units, MSHA further focused on poverty levels by examining those that are cost burden. There are 54,000 renters at less than 50% of median income and almost 17,000 rental units that are not subsidized and are at the highest lead based paint risk. There are 53,000 cost burden homeowners where *cost burden* exceeded 30% of total income. These 70,000 units represent the highest risk of housing likely to have lead based paint hazards.

Statewide Incidence. Based on the broad geographic dispersion of housing and the very high likelihood of lead based paint hazards, the Maine Lead Poisoning Prevention Program (MLPPP) established a testing program (that at the initial stages includes both capillary and venous testing methods) to identify children with venous blood lead levels (VEBL) 10-20 ug/dL and greater than 20 ug/dL. For children with VEBLs of over 20 ug/dL, the MLPPP requires, by state law, that lead hazard controls be applied to the housing in which the individual child resides.

As housing and income distribution indicated, the dispersion of children exceeding 10 ug/dL is broad and impacts most of the organized portion of the state of Maine. For incidences where readings are greater than 20 ug/dL, the geographic dispersion remains throughout the state, but the findings tend to lie within the major communities of the state, generally having populations of 5,000 or more. As the analysis suggests, the incidence of high lead elevated blood levels in rural Maine is roughly equal to the hub communities of Bangor, Lewiston, and Portland. This pattern is due to the rural dispersion and the fact that many of our communities are typical "New England Villages" where the concentration of the older housing is in the center of each village. The Maine state Planning Office has termed these areas "service center communities".



The table below examines the number of screenings for the last four years¹. The analysis shows consistency in readings for the last four years, with 1,195 children less than 6 years old testing with a elevated blood level of greater than 10 ug/dL. The 142 children that tested with VEBLs over 20 ug/dL MLPPP in 1996 required that over 80 housing units implement lead hazard control measures.

Comparative Lead Screening: 1993-1996				
Unduplicated Count				
	# of Children <6 screened	Lead Level 10-15 ug/dL	Lead Level 15-20 ug/dL	Lead level >20 ug/dL
FY 93	8,248	6%	2%	2%
FY 94	15,727	9%	3%	2%
FY 95	14,400	8%	3%	2%
FY 96	12,529	7%	2%	1%

¹ While 1996 appears smaller, it in fact includes only unduplicated counts; previous years may include some follow up counts.

Similar projections are being made for this year. Many of these same households are not able to afford repairs. Based on MLPPP's work, it is estimated that there are 80 units annually discovered with lead based paint hazards and children with over 20 ug/dL.

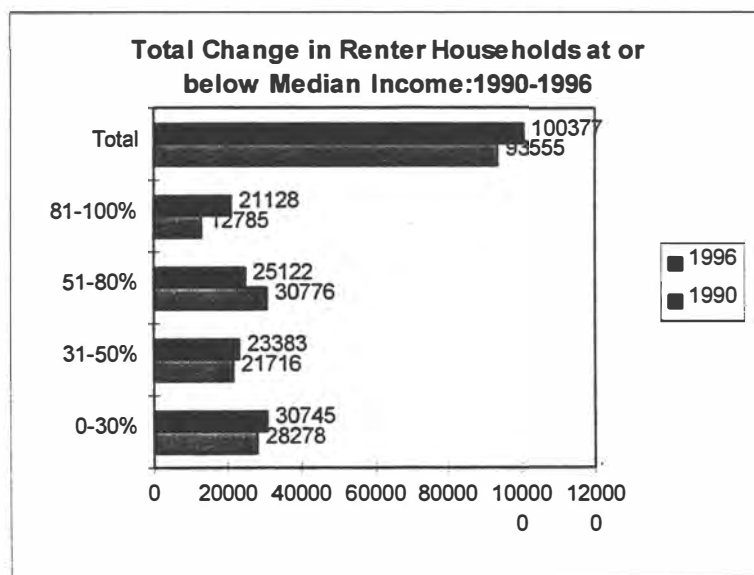
Regional and Local Concentration. The higher incidence rating among Medicaid children (at higher blood lead levels), combined with the rural geography of Maine, required a look at an efficient lead based paint poisoning identification and delivery system that deals directly with the neediest families of Maine. Depending on location, an analysis by CAPs found that there is an additional statewide need on a regional basis of at least 60 units.

The ongoing lead based paint work in Lewiston and Bangor (funded through the MLPPP and the Center of Disease control) indicates significant blood lead level risk. This finding required direct coordination with the two cities' existing neighborhood based programs. Using the analysis conducted by both communities there is a need to improve 90 housing units.

Conclusion. The 1997 needs assessment has identified 60 households in need of lead hazard control implementation through the CAP programs, 80 households identified through the MLPPP program and 90 units in Bangor and Lewiston needing improvement. The children from these housing units have EBLs in excess of 10 ug/dL, with half in excess of 20 ug/dL. Total present need for housing improvements is minimally estimated for 230 units. Long term needs are higher.

POOR RENTER HOUSEHOLDS

In the table below, over 100,000 renter households were at or below the median income for Maine. In sharp contrast to homeowner units, 67% of all renters make less than median income. Total renter households at less than median income increased 6,822 units since 1990.



The Table below presents the number of renters below median income broken out by County:

	Renters Below Median Income			
	<i>renters at 0-30%</i>	<i>renters at 31-50%</i>	<i>renters at 51-80%</i>	<i>renters at 81-100%</i>
Androscoggin	2,951	1,970	2,495	1,762
Aroostook	1,933	1,381	1,596	848
Cumberland	6,566	5,074	2,005	7,338
Franklin	802	542	683	317
Hancock	1,205	1,024	1,202	646
Kennebec	3,007	2,480	2,803	1,569
Knox	865	687	760	544
Lincoln	726	587	711	533
Oxford	1,365	1,147	1,199	770
Penobscot	3,315	2,623	3,641	1,679
Piscataquis	448	362	418	212
Sagadahoc	591	524	728	463
Somerset	1,239	935	1,109	572
Waldo	916	682	804	436
Washington	1,117	563	836	498
York	3,699	2,802	4,132	2,940
State Total	30,745	23,383	25,122	21,128

UDS, 1996; MSHA

100,377

When taken in contrast to the total number of existing subsidized rental units in Maine, the data suggest an affordable housing need of roughly 17,000 rental units. The greatest need for new subsidized rental units exist in Cumberland, York and Penobscot Counties. All counties show some level of need, with Sagadahoc, Androscoggin and Aroostook showing the least relative need.



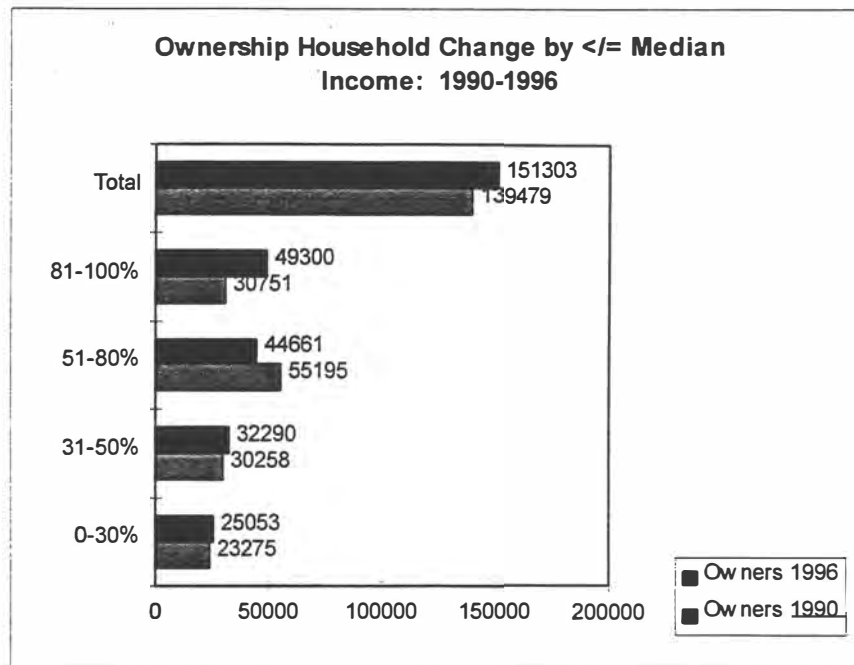
	Total Supply and Demand: Rental Units		
	<i>Subsidized Units Available</i>	<i>Renters at Less Than 50% of Median</i>	<i>Need or (Surplus)</i>
Androscoggin	4,192	4,921	729
Aroostook	3,039	3,314	275
Cumberland	8,102	11,640	3,538
Franklin	597	1,344	747
Hancock	1,273	2,229	956
Kennebec	2,703	5,486	2,783
Knox	699	1,552	853
Lincoln	362	1,313	951
Oxford	1,137	2,511	1,374
Penobscot	4,183	5,938	1,755
Piscataquis	500	810	310
Sagadahoc	947	1,115	168
Somerset	798	2,174	1,376
Waldo	573	1,598	1,025
Washington	900	1,680	780
York	2,940	6,501	3,561
County Total	32,945	54,127	21,182
Non-Allocated Units	4,401		4,401
State Total Units	37,346	54,127	16,781

UDS, 1996; MSHA

Conclusion. In 1997, there is a clear shortage in subsidized housing of 16,781 units. By 2001, it is projected that there will be an additional 3,000 renter households making less than 50% of median income. Given the maximum ability of all agencies, at their present rate, to create roughly 750 subsidized units per year, supply will continue to trail demand substantially. Additional resources are needed to assist in the expansion of subsidized housing.

COST BURDENED HOMEOWNERS

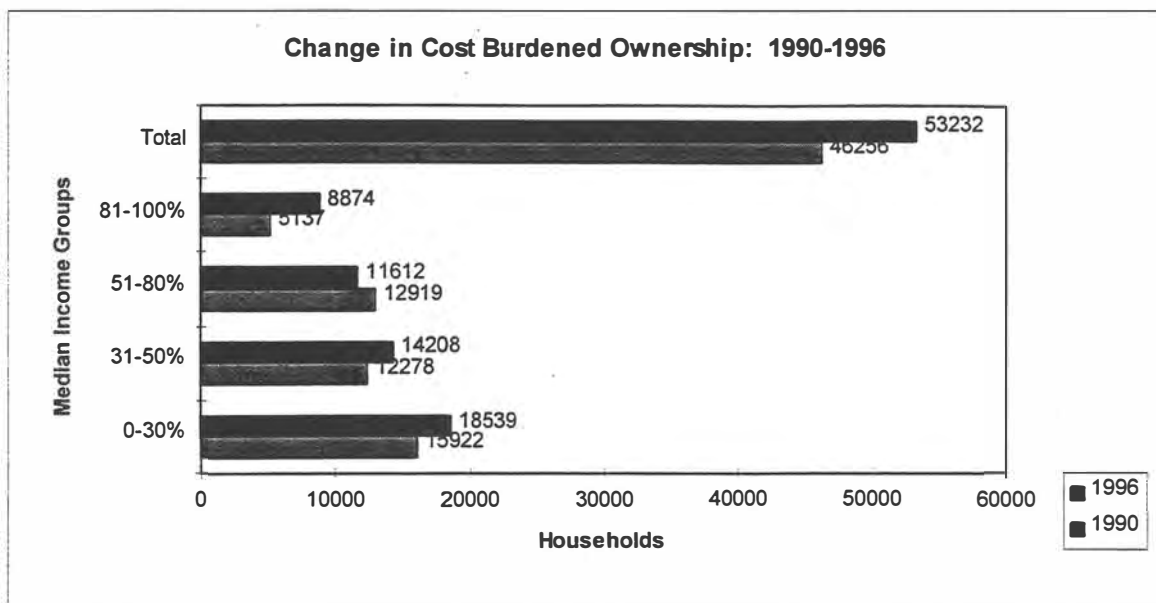
There have been 11,824 new home-owning households at less than or equal to median income, since 1990. The total of 151,303 homeowner households at less than median represents 45% of the total homeowner housing stock. The total number of homeowners below median income is approximately 40% greater than that of the rental households.



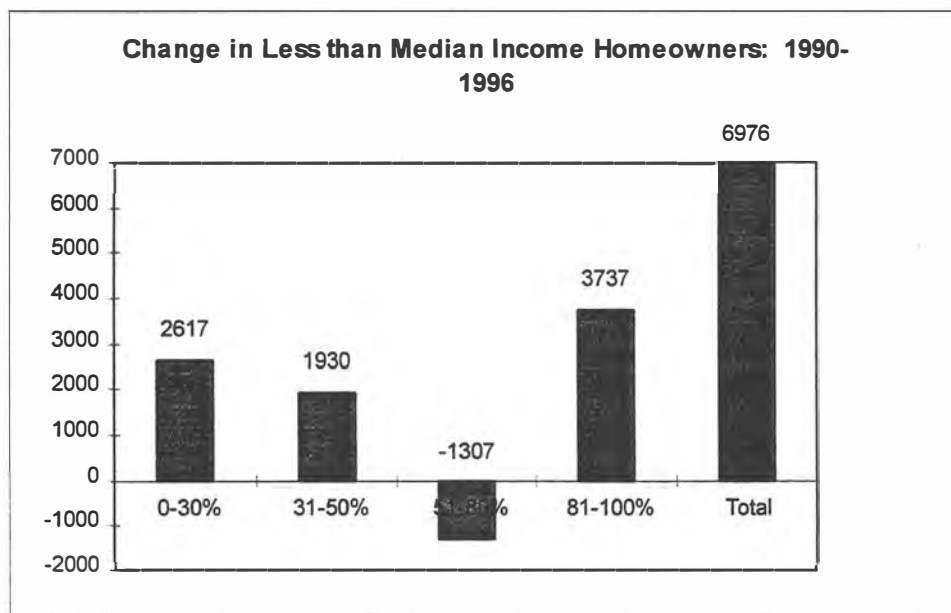
The lack of income of the poor to maintain their homes is magnified when compared with housing quality problems. Maine housing ranks poorly, on a national basis, in terms of structural quality:

- Maine has three times the rate of housing units lacking complete plumbing than the rest of the United states, ranking second behind Alaska.
- Structural issues and low degree days combine to place Maine 9th in the country in terms of fuel usage (6th when southern states are subtracted and examined for heat only).
- The quality of housing is related in part to the age of housing, Maine, being substantially older than the rest of the country. Whereas only 18% of the housing stock in the United states pre-dates 1939, over 35% of Maine's stock is such an age, ranking Maine 7th in the country.
- Maine also ranks 7th in the terms of the median year built, 1960 (1990 Census). This older housing pattern requires greater maintenance cost by the owner.

Given patterns in age and structural integrity, staff analyzed potential housing problems by examining those that are below median income and likely to be cost burdened (that is, spending more than 30% of personal income on housing). A total of 53,232 owner households are cost burdened, representing 16% of the total owner and 11% of the total housing stock.



The total number of cost burdened homeowners increased by 6,976 households between 1990 and 1996 (15%), a rate much greater than our overall growth rate of 1.2%.



The number of cost burdened owners is anticipated to increase another 1,760 households by 2001, with an increase in 4,130 households at less than or equal to median income. This increase occurs while projections suggest that there will be only 2,000 plus new housing units created during the same period. More existing homeowners will fall below median income limits for the state or become cost burdened.

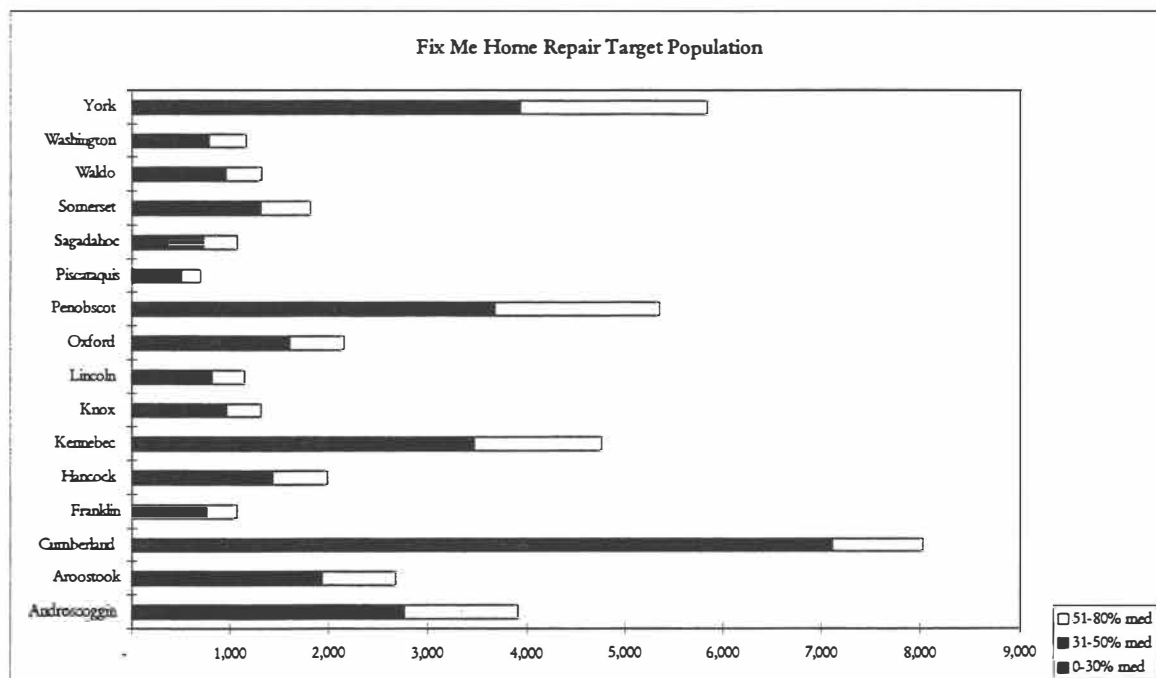


The breakdown of poor homeowners by county is described in the following table:

	Existing Cost Burdened Homeowners			
	<i>cost burdened</i>	<i>cost burdened</i>	<i>cost burdened</i>	<i>cost burdened</i>
	<i>Owners at</i>	<i>Owners at</i>	<i>Owners at</i>	<i>Owners at</i>
	<i>0-30% med</i>	<i>31-50% med</i>	<i>51-80% med</i>	<i>81-100%</i>
Androscoggin	1,562	1,197	1,153	740
Aroostook	1,095	839	738	356
Cumberland	4,023	3,083	927	3,082
Franklin	430	329	316	133
Hancock	812	622	556	271
Kennebec	1,966	1,507	1,296	659
Knox	545	418	351	229
Lincoln	465	357	328	224
Oxford	909	697	554	323
Penobscot	2,080	1,594	1,683	705
Piscataquis	287	220	193	89
Sagadahoc	416	318	336	195
Somerset	741	568	513	240
Waldo	541	414	372	183
Washington	446	342	386	209
York	2,222	1,703	1,910	1,235
State Total	18,539	14,208	11,612	8,874
				53,232

Conclusion. The analysis demonstrates a need to focus resources on assisting the 53,232 existing poor homeowners with housing maintenance issues. Resources focused on stabilizing housing condition for homeowners can reduce energy expenses, improve disposable income and would stabilize housing values, a key component of the Maine economy.

MSHA's FIX ME program focuses on those that are 80% of median income or less. The patterns of need, by county, are described below. In contrast to rental housing, this table also shows the substantial need for assistance beyond the big three counties to include those living in Kennebec, Androscoggin, and Aroostook.



FIRST-TIME HOMEBUYERS

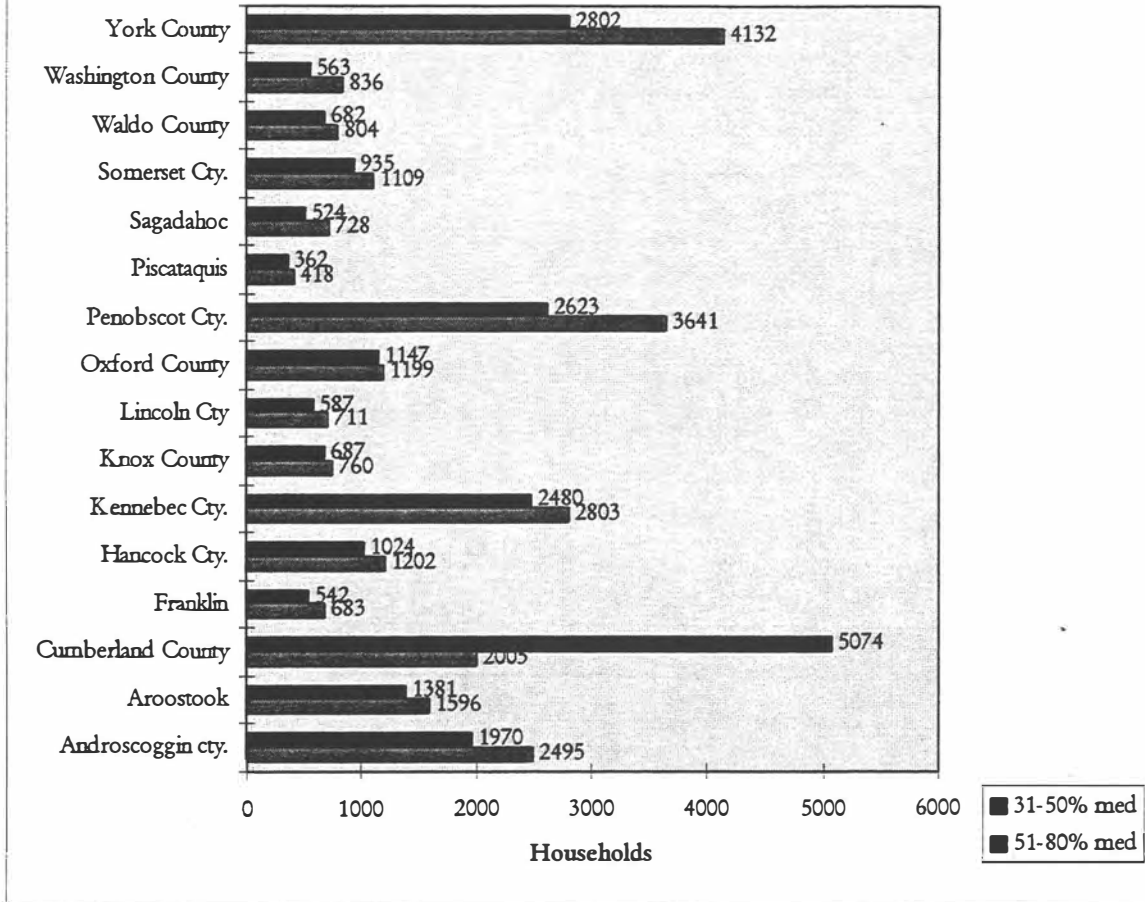
The State of Maine had the highest homeownership rate in the United States in January of 1997. It is the state's goal to maintain that ranking. Homeownership provides a sense of independence and self esteem for the homeowner and stability and cohesion for the community. To accomplish this goal effectively, demographic trends appropriate to expanding low income homeownership over the next ten years were analyzed.

Income Groups. It is estimated that there is potential market for 70,000 renter households to become first time homebuyers in Maine. The table below identifies the renters by county and income group.

Extrapolation of Renter Households as Possible Buyers				
	<i>Renters</i>	<i>Renters at</i>	<i>Renters at</i>	<i>Renters at</i>
	<i>31-100% med</i>	<i>81-100%</i>	<i>51-80% med</i>	<i>31-50% med</i>
Androscoggin	6227	1762	2495	1970
Aroostook	3826	848	1596	1381
Cumberland	14417	7338	2005	5074
Franklin	1542	317	683	542
Hancock	2872	646	1202	1024
Kennebec	6852	1569	2803	2480
Knox	1991	544	760	687
Lincoln	1831	533	711	587
Oxford	3115	770	1199	1147
Penobscot	7943	1679	3641	2623
Piscataquis	992	212	418	362
Sagadahoc	1715	463	728	524
Somerset	2616	572	1109	935
Waldo	1923	436	804	682
Washington	1896	498	836	563
York	9874	2940	4132	2802
State	69633	21128	25122	23383

Focusing on the Fed-HOME market to be pursued, the household demand by County looks as follows:

Likely Market by County: 31-80% of Median Income; 1996



Recent First-Time Homebuyers Production Pool. The table below shows production in the MSHA first-time homebuyer program for 1996 by county. This production shows that 44% of the loans made are at less than 80% of median income, including CHDO home purchases with MSHA mortgage financing.

Production analysis suggests that we have not yet served the target of those between 31% and 50% of median income. While this population makes up 33% of the potential buyer pool, our percent of participants in the MSHA program peaked at less than 7%.

First Time Homebuyer Program Analysis

Loans Purchased in 1996

Regular Program

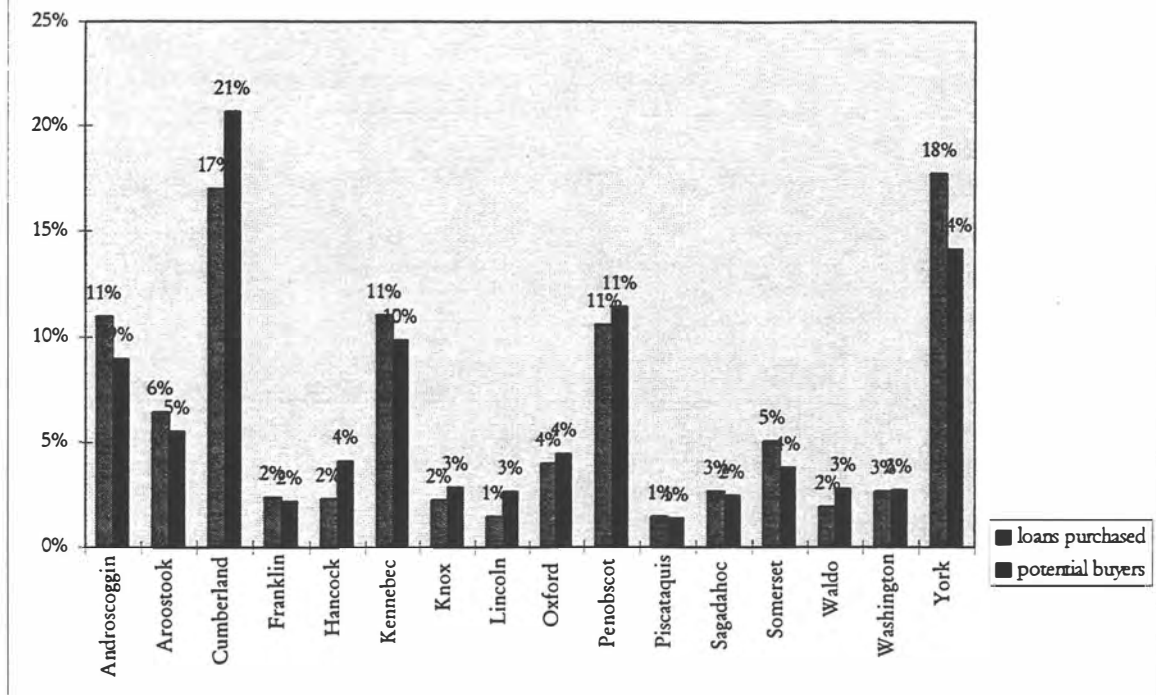
Number of Loans by County by Gross Income

of Loans

County	0-50%	51-80%	81-100%	> 100%	Total loans by county
Androscoggin	11	73	94	38	216
Aroostook	2	34	44	47	127
Cumberland	17	151	117	50	335
Franklin	2	13	22	10	47
Hancock	4	20	11	11	46
Kennebec	28	92	82	15	217
Knox	1	10	21	12	44
Lincoln	3	12	12	2	29
Oxford	4	24	19	31	78
Penobscot	10	74	77	47	208
Piscataquis	2	11	10	6	29
Sagadahoc	4	27	16	6	53
Somerset	8	39	23	30	100
Waldo	3	11	7	17	38
Washington	2	9	15	26	52
York	23	155	130	42	350
Totals	124	755	700	390	1969
%	6.30%	38.34%	35.55%	19.81%	100.00%

Production by county population is market driven and consistent with the likely markets identified above. Androscoggin and York Counties produced somewhat beyond their targeted population, while Cumberland and Hancock were somewhat lower.

1996 Loans Purchased by County Compared to Share of Potential Buyers



Affordability Index. The inability to serve greater numbers in the 31-50% and 51-80% income groups is caused by the potential buyer's lack of downpayment or closing cost revenue or an affordability problem (MSHA First-time Homebuyers Survey, 1996). In the following, we examined affordability by county to demonstrate the issue.

The affordability index measures the relationship between qualifying income and county median income. The qualifying income includes a limit of paying no more than 28% of one's monthly income for mortgage, taxes, estimated monthly payments and is driven by the median sales price. Those counties that are less than one have an affordability problem.

1997: 100% Median Income at 7% Interest				
	Median Sales(95)	Median Income(97)	Index	Qualifying Income
Androscoggin	75000	\$ 37,100	1.39	\$ 26,732
Aroostook	45000	\$ 30,400	1.90	\$ 16,022
Cumberland	105000	\$ 41,200	1.10	\$ 37,399
Franklin	66000	\$ 31,900	1.36	\$ 23,519
Hancock	85000	\$ 34,800	1.15	\$ 30,274
Kennebec	76000	\$ 39,200	1.46	\$ 26,846
Knox	85000	\$ 35,600	1.18	\$ 30,274
Lincoln	109000	\$ 36,900	0.95	\$ 38,842
Oxford	68000	\$ 32,600	1.35	\$ 24,176
Penobscot	69900	\$ 33,800	1.36	\$ 24,869
Piscataquis	47500	\$ 31,100	1.84	\$ 16,929
Sagadahoc	87500	\$ 41,500	1.33	\$ 31,180
Somerset	55000	\$ 32,200	1.64	\$ 19,606
Waldo	76000	\$ 30,700	1.14	\$ 26,846
Washington	50000	\$ 26,800	1.51	\$ 17,793
York	95000	\$ 42,200	1.25	\$ 33,858
State	83500	\$ 34,875	1.17	\$ 29,738

1997: 80% Median Income at 7% Interest				
	Median Sales(95)	Median Income(97)	Index	Qualifying Income
Androscoggin	75000	\$ 29,680	1.11	\$ 26,732
Aroostook	45000	\$ 24,320	1.52	\$ 16,022
Cumberland	105000	\$ 32,960	0.88	\$ 37,399
Franklin	66000	\$ 25,520	1.09	\$ 23,519
Hancock	85000	\$ 27,840	0.92	\$ 30,274
Kennebec	76000	\$ 31,360	1.17	\$ 26,846
Knox	85000	\$ 28,480	0.94	\$ 30,274
Lincoln	109000	\$ 29,520	0.76	\$ 38,842
Oxford	68000	\$ 26,080	1.08	\$ 24,176
Penobscot	69900	\$ 27,040	1.09	\$ 24,869
Piscataquis	47500	\$ 24,880	1.47	\$ 16,929
Sagadahoc	87500	\$ 33,200	1.06	\$ 31,180
Somerset	55000	\$ 25,760	1.31	\$ 19,606
Waldo	76000	\$ 24,560	0.91	\$ 26,846
Washington	50000	\$ 21,440	1.20	\$ 17,793
York	95000	\$ 33,760	1.00	\$ 33,858
State	83500	\$ 27,900	0.94	\$ 29,738

For many counties, particularly those that have stable or growing economies, affordability increases as one moves deeper to serve those at 80% of median income. At the same time, those at 80% of median or better can still find a home in their county to purchase and will likely qualify as a first time homebuyer.

The problem becomes complicated as the household percent of median income declines:

Affordability Index at 50% of Median 1996				
	Median Sales	50% of med Income	Index	qualifying income
Androscoggin	75000	\$ 16,469	0.57	28917
Aroostook	45000	\$ 12,575	0.80	15808
Cumberland	105000	\$ 21,058	0.54	39113
Franklin	66000	\$ 13,806	0.60	22962
Hancock	85000	\$ 14,324	0.46	31216
Kennebec	76000	\$ 17,659	0.64	27446
Knox	85000	\$ 13,680	0.44	31345
Lincoln	109000	\$ 16,088	0.41	39184
Oxford	68000	\$ 14,766	0.62	23705
Penobscot	69900	\$ 14,758	0.58	25426
Piscataquis	47500	\$ 12,750	0.74	17229
Sagadahoc	87500	\$ 16,876	0.53	31737
Somerset	55000	\$ 12,609	0.62	20292
Waldo	76000	\$ 13,299	0.48	27446
Washington	50000	\$ 11,813	0.61	19292
York	95000	\$ 18,967	0.54	35057

At the 50% of median income level, affordability is very difficult. Qualifying incomes are inadequate when contrasted with sale price and long term financing.

Conclusion. There continues to be demand by first time homebuyers across all income groups at less than 100% of median income. Each new first time homebuyer represents the addition of one new apartment to the available housing supply without developing new rental units. The lower the median income of the first time homebuyer, the more likely that that apartment unit can serve a rental household in need.

However, trying to serve those between 31% and 80% of median is growing increasingly difficult in all counties and especially in the growth counties. To be successful in serving lower income families, the first time homebuyer program will need to continue to expand the downhome program (downpayment assistance), expand the use of closing cost assistance and expand the use of various soft second models.

CONTINUUM OF CARE: THE HOMELESS

In the delivery of homeless shelter assistance, MSHA works with two principal groups that combine to provide housing delivery in combination with appropriate services. The Homeless Providers provide outreach, emergency and transitional housing throughout Maine. The Interagency Task Force on Homelessness and Housing Opportunities provides a unique statewide forum for the development of program policies and coordination for those that are homeless. MSHA is responsible for convening these two groups.

The Interagency Task Force on Homelessness and Housing Opportunities was established as part of the Maine Affordable Housing Alliance legislation in 1989. The purpose of the Task Force is to assist the Maine State Housing Authority in the development of its affordable housing plan; review policies, programs, and funding to determine their effectiveness; coordinate information and communication with respect to homelessness; identify the gaps that exist in the delivery of services; and make recommendations to the Governor and the

Legislature. The group is presently chaired by the Deputy Director of MSHA and essentially plays the role of policy maker.

The Task Force also serves the role of blending state agencies together as they work with common populations. This system has resulted in open lines of communication as the consortium of state agencies and local providers work to provide housing and appropriate support services for various population groups along the homeless housing continuum.

Homeless Providers represent the 37 agencies that MSHA utilizes to deliver its Emergency Shelter Grant (ESG) and state funds to support housing for the populations that are homeless. This group is the primary secular delivery system for emergency homeless shelters. On a local level, each provider links with key service agencies that match housing and service needs. In doing so, a system of housing and service provisions has developed that is responsive to the specific geographic and demographic needs of the population.

As MSHA weaves this web of state agencies and local providers, several other components emerge in the outreach and delivery of services to those that are homeless: the delivery system of the Department of Mental Health and Mental Retardation (DMHMRSAS) and the Department of Human Services (DHS), MSHA, Maine's general assistance program, nonprofit developers, CHDOs, and local housing authorities.

In 1997, the Task Force focused on the roles of each agency in serving the homeless, including process and funding capacities. Providers focused on recent trends, communication, customer identification and funding allocations. A report, entitled More...and More Needy: A Study of Maine's Homeless Population is in the Appendix.

Homeless Needs Assessment. Since 1993, the occupancy in Maine's homeless shelters has increased significantly. Occupancy in 1996 was 33% higher than 1993's occupancy. This increase occurred during a period in which Maine's overall population increased by just 1.3%. The 1993 to 1996 period is also a period characterized by economic improvement, employment growth and a general upswing in business activity. The increase in homelessness during this period strongly suggests that many of the very poor in Maine have not benefited from overall economic improvement. Increased occupancy in Maine's homeless shelters is the result of two factors in the 1993-1996 period: the increased number of homeless persons and the increased length of stay by each homeless person. From 1993 to 1996 the number of homeless persons rose by 18% (12,031 to 14,219). The average stay during this period increased by 12% from 10.6 nights to 11.9 nights. Total occupancy increased from 127,031 bednights in 1993 to 169,167 bednights in 1997.

Changes in Shelter Activity: 1993-96		
	1993	1996
Clients	12,031	14,219
Average Stay	10.6	11.9
Total Occupancy	127,031	169,167

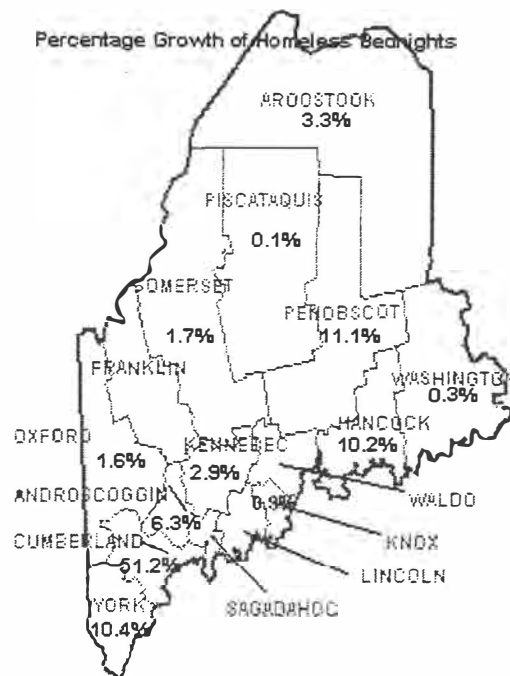
The increase in homelessness has placed additional pressure on the emergency shelters. There are now 767 available beds in the 37 homeless shelters. Occupancy rates within the shelters have continued to grow, with the state average now at over 60%. Many of Maine's urban area shelters are averaging in excess of 80% occupancy, considered to be a density difficult to

manage by shelter workers. General shelters that serve multiple populations (Greater Bangor, Tedford, York County Shelters) are also very full, with occupancy rates approaching 80%.

² The data summarized in this Report has been collected by the Maine State Housing Authority from the 37 shelters that receive SOS funds. There are several additional small shelters in Maine that receive no funding from MSHA.

Shelter / Project Name	Location	Bed Count	1995	1996
			Occupancy rate	Occupancy rate
Abused Women's Project	Auburn	15	37%	31%
Arnie Hanson Center	Portland	20	71%	93%
Battered Women's Project	Caribou/Houlton	26	28%	28%
Bread of Life	Augusta	10	42%	27%
Caring Unlimited	Sanford	15	58%	54%
Chisholm Shelter / CCI	Rumford	7	14%	14%
Family Crisis Shelter	Portland	16	36%	52%
Family Violence Shelter	Augusta	14	45%	29%
Greater Bangor Area Shelter	Bangor	32	59%	67%
H.O.M.E., Inc.	Orland	77	89%	87%
Emmaus, H.O.M.E.	Ellsworth	16	63%	70%
Hope Haven	Lewiston	33	29%	24%
Hope House	Bangor	20	79%	90%
Ingraham - Bridge / Mainstay	Portland	25	38%	45%
Lighthouse, Salvation Army	Portland	16	52%	48%
Mid-Coast Hospitality House	Rockport	12	21%	37%
Mid-Maine Shelter	Waterville	10	50%	51%
My Choice	Portland	8	54%	99%
New Beginnings	Lewiston	12	69%	76%
New Hope for Women, Safe	Rockland	0	0%	0%
Oxford Street Shelters / Family	Portland	110	33%	75%
Rumford Group Home	Rumford	14	61%	58%
Rural Community Action Mission	Leeds	10	103%	51%
Shaw House	Bangor	16	53%	57%
Spruce Run	Bangor	18	39%	34%
St. Michael's Catholic Charities	Bangor	22	29%	25%
Tedford Shelter	Brunswick	30	35%	58%
Temporary Shelter for the Homeless	Presque Isle	30	30%	29%
WomanCare, Safe Homes	Dover-Foxcroft	0	0%	0%
WomanKind, Inc.	Machias	12	37%	24%
Yana, Inc.	Scarborough	10	56%	91%
York County Shelters	Alfred	62	55%	75%
Youth Alternatives	South Portland	12	51%	52%
Youth & Family Shelter	Skowhegan	10	60%	58%
YWCA / Fair Harbor / Adult	Portland	27	80%	84%
Totals		767	54%	60%

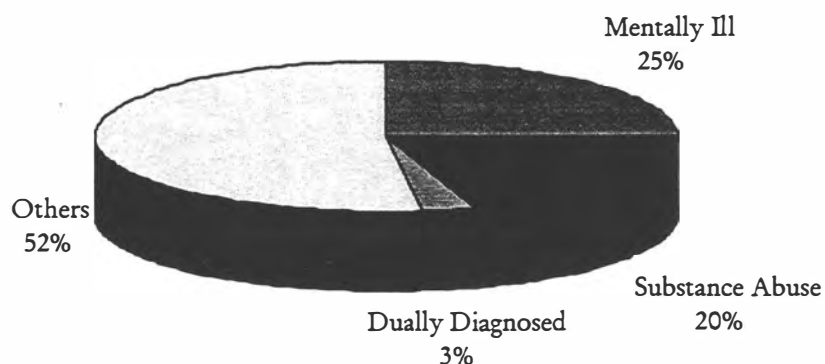
People in need of low skill employment often gravitate toward urban areas of the state. This migration towards urban areas has resulted in a disparity between bed location and bednights provided.



The Homeless that are Mentally Ill or Have Substance Abuse Problems. There are a variety of indicators that describe who the homeless of Maine are and what they look like. The most telling graphic is those that are identified by intake staff as having mental illness or problems with substance abuse.

In 1997, homeless shelter staff identified 55% of guests as having mental illness, substance abuse problems, or both. In 1996, shelter staff identified 45% of guests as having mental illness, substance abuse problems, or both. The prevalence is consistent with national trends. In 1990, the Federal Interagency Council on the Homeless identified that roughly 30% of the shelter population suffered from disabling mental illness while another 35% of the shelter population suffer from chronic alcohol problems. The Federal Council survey did not separate individuals who were dually diagnosed with both mental health and substance abuse needs.

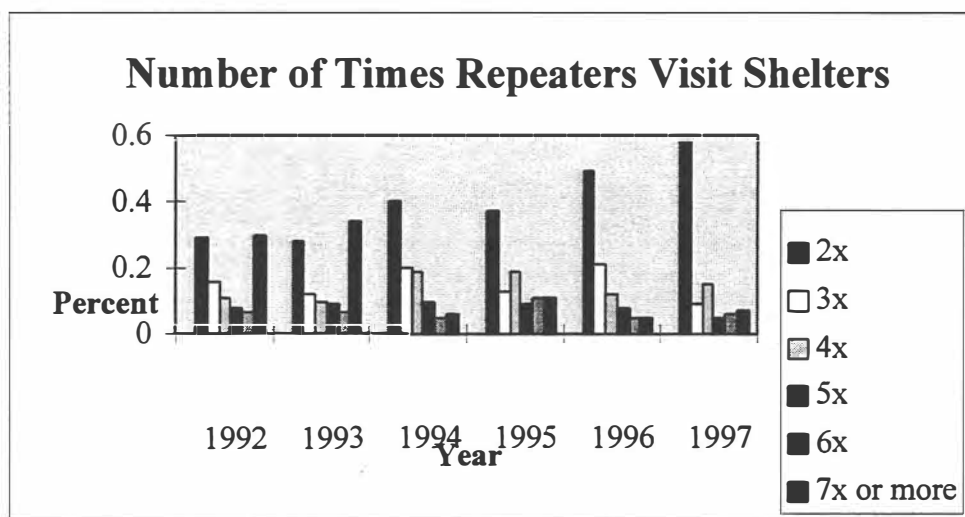
**Reasons for Homelessness When Identified by
1996**



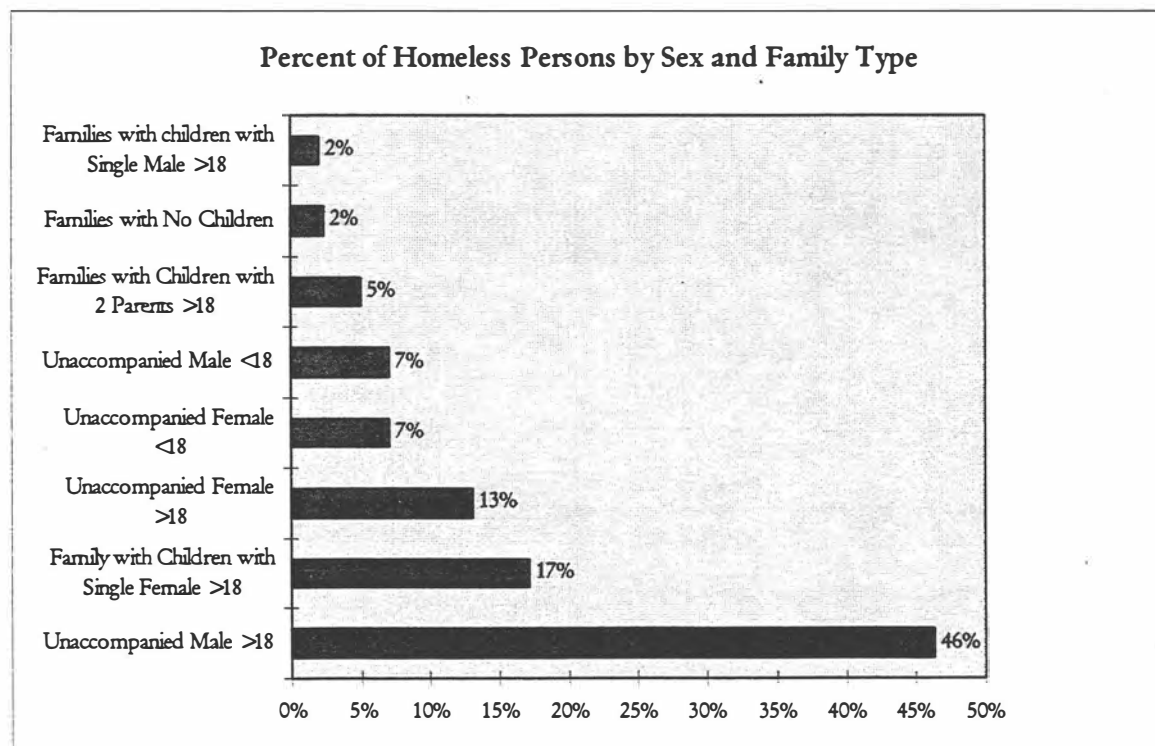
One of the unique problems facing shelter providers is that homeless individuals do not necessarily recognize or choose to identify mental illness or substance abuse as a problem. During recent years, the homeless guests at shelters have self declared that they have mental

illness or a substance abuse problem anywhere between 22 and 51% of the time. It is definite (based on the available data and shelter staff testimony) that a sizable portion (30-60%) of shelter guests suffer from mental illness, substance abuse problems or both.

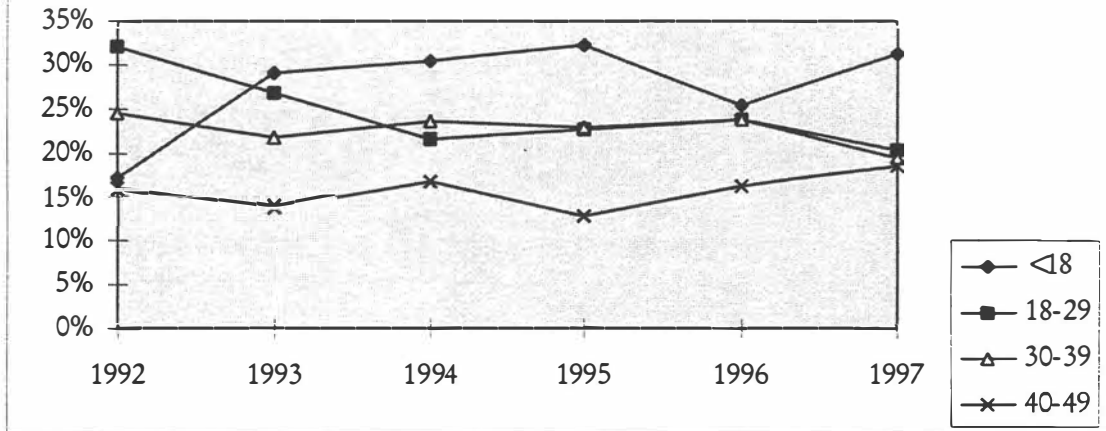
It is likely that the mentally ill or substance abuse group represents the largest number of repeater visitors. Previous analysis conducted by MSHA suggests a strong correlation between repeat visitors to shelters and reasons for homelessness such as mental illness, substance abuse and both (Continuum of Care, 1996). The trends for the number of visits are described below:



General Demographic Indicators for the Homeless. The largest demographic group in the shelter is the unaccompanied male, comprising 51% of the shelter population. The next largest group is the family headed by a single female, comprising 17% of the population in the shelter. Unaccompanied females make up the next largest segment.

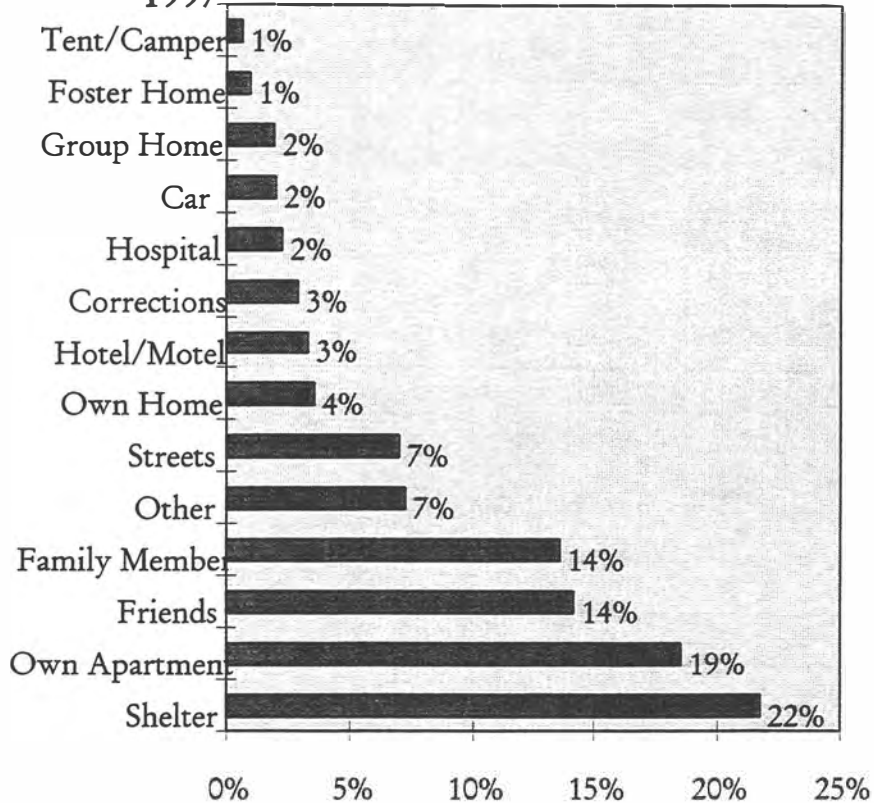


Changes in Age of the Four Primary Age Groups in Shelters; 1992-1997

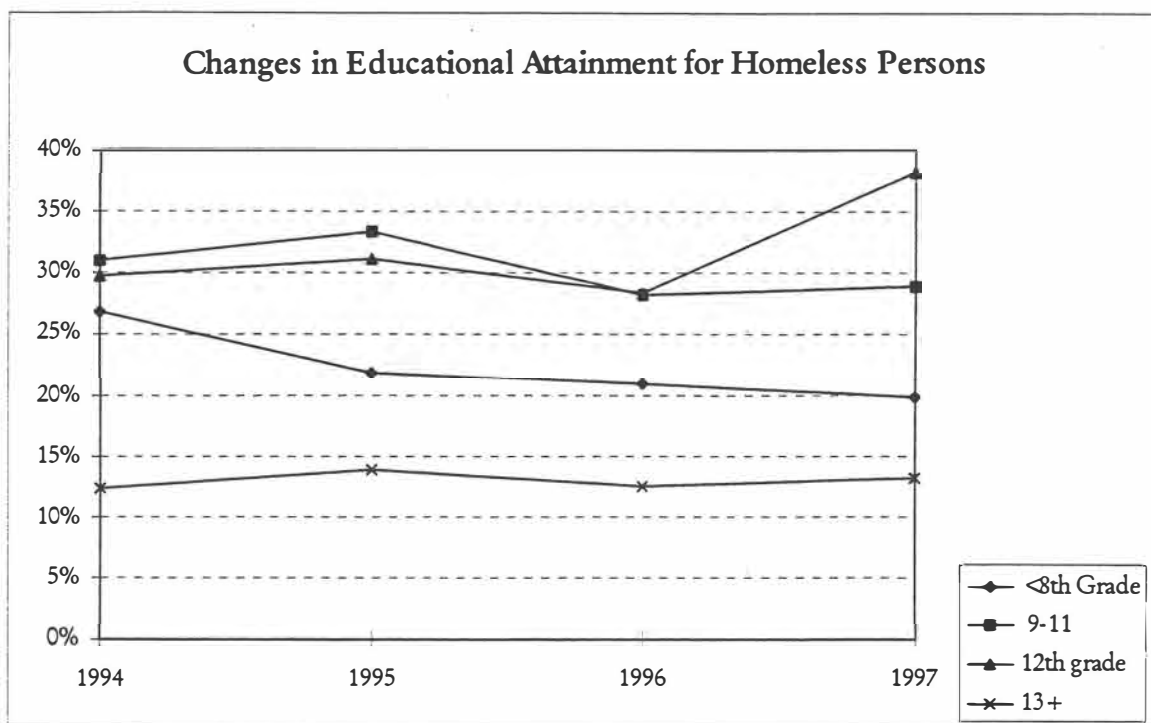


As the above graph describes, age is playing an increasing role in the design of services that must be provided for by the shelters. A steady growth has occurred in those that are less than 18 or between 40-49 in age, with a slight growth in those between 18 and 29 years of age. In both cases, growth mirrors the statewide baby boom and boomlet trends and is expected to continue over the next five years.

Residence Prior to Entering a Shelter, 1997



Shelter clients come from four primary residences. For those that are frequent visitors to the shelter, often their last residence is the shelter itself. Nineteen percent of the clients move to the shelters from their own apartments. Twenty eight percent come to the shelter from a family or friend's residence.



Educational attainment among shelter visitors is much lower than the Maine average. Over 50% of the shelter visitors do not have a high school diploma. While this trend is decreasing somewhat, with a higher percentage having a diploma, the lack of education and life skills make obtaining permanent work difficult at best.

Homeless persons as a part of a larger population. In 1996, 400 families, identified as near homeless but not staying in a shelter were surveyed. The survey pointed to a number of similarities between homeless and near homeless persons. Over 70% of both groups have incomes under \$6,000; over 83% have high school degrees or less; and over 37% are between 18 and 30. Half the sampled families lived in their current address for fewer than six months; one in five were there only one month.

Given that assessment, data suggest that there exist 27,000 households (and over 60,000 persons) in Maine that make less than \$6,000 and are therefore living on the edge of homelessness, potentially contributing to the shelter population. One third of this population consists of only one person, while the larger families tend to live in the rural areas of Maine.

Gaps Analysis. Based on the above analysis and an examination of emergency and transitional housing in the state of Maine, the following gaps remain in the homeless system:

Continuum of Care: Gaps Analysis

Homeless Populations		Estimated Need	Current Inventory	Unmet Need/ Gap	Relative Priority
INDIVIDUALS					
Emergency Shelter	General Population	961	564	397	H
Transitional Housing	Chronic Substance Abusers	91	13	78	H
	Seriously Mentally Ill	93	35	58	H
	Dually-Diagnosed	17	16	1	H
	Persons with HIV/AIDS	0	42	-42	L
	Victims of Domestic Violence	4	0	4	H
	General Population	208	49	159	H
Permanent Housing	Chronic Substance Abusers	211	119	92	H
	Seriously Mentally Ill	219	100	119	H
	Dually-Diagnosed	29	20	9	H
	Persons with HIV/Aids	0	0	0	L
	Persons with Other Disabilities	-			M
	General Population *	492	450	42	H
PERSONS IN FAMILIES W/CHILDREN					
Emergency Shelter	General Population	215	186	29	H
Transitional Housing	Chronic Substance Abusers	0	0	0	H
	Seriously Mentally Ill	2	2	0	H
	Dually-Diagnosed	0	0	0	H
	Persons with HIV/AIDS	0	0	0	L
	Victims of Domestic Violence	41	29	21	H
	General Population	82	75	7	H
Permanent Housing	Chronic Substance Abusers	0			H
	Seriously Mentally Ill	0			H
	Dually-Diagnosed	0			H
	Persons with HIV/AIDS	0			L
	Persons with Disabilities	0			M
	General Population	172	90	82	H

* The general population group was adjusted by applying an average of 30% to the general population that are likely mentally ill, but do not choose to self identify in the shelter surveys. This is consistent with national findings (A Report on The 1988 National Survey of Shelters For the Homeless; March, 1989) and input from shelter providers and the Department of Mental Health and Retardation.

Filling the Continuum of Care Gap and Setting Priorities. Using gap analysis, the Homeless Providers and Task Force on Homelessness have identified the following general needs to be funded through the McKinney program.

- Homeless Families of Domestic Violence.
- Homeless Families Transitional Program.
- Homeless Dually Diagnosed Adults.
- Homeless Youth.
- Shelter + Care.

The Gaps Analysis suggest that the present bed count for emergency shelters may be adequate, provided there are transitional units introduced to assist those with service needs. The analysis also suggests that the number of transitional units created in 1996 (roughly 180) trails the needs identified in this state. Concurrently, the state's original shelter plus care grants will be eligible for renewal in 1997. As these two needs clash, there will be a need for new assistance to expand the transitional program in Maine (including non-HUD resource assistance), including a fresh look at Shelter + Care Vouchers. The pattern of increasing growth in the emergency shelter program will require maintaining funding for those operations and a search for new funding to improve intake and referral capacity, as well as better emergency shelter quality of life.

COMMUNITY DEVELOPMENT NEEDS ASSESSMENT

The assessment and inventory of community development needs for an entire state the size and nature of Maine is a daunting task. The state has almost 500 cities and towns, each with multiple community development needs and opportunities. The state contains urban, suburban, and rural communities and remote rural regions of great geographic and economic diversity. The assessment of community development needs must, by necessity, be general in nature but as reflective as possible of the needs of Maine's cities and towns.

The Assessment. The assessment process contained six elements: a survey; public information gathering forums; a review of related or similar federal or state programs; unemployment and other demographic information; a review of historic CDBG applications and; the State's new economic development strategy. This was done intensively for the 1997 plan. For the 1998 plan a survey was distributed to all eligible cities and towns and three public forums were held.

- Survey. At each of three public forums held during the summer of 1996 all in attendance were asked to identify the three most important needs in their community that could be address with CDBG funds. During the summer of 1997 a survey form was sent to all cities and towns with over 300 returned.
- Public Forums. For the 1997 plan and 1998 at each of the three forums an open ended discussion was held to examine the potential for new CDBG programs to address community needs and evaluate the effectiveness of current programs. In 1997 a follow up forum reviewed the results of the initial meetings and offered an additional opportunity for comment.
- Information from related programs. Programs administered by Rural Development, the Maine Department of Environmental Protection and the Maine State Housing Authority provide funds for community and economic development activities similar to CDBG. The current demand on these programs to fund community needs was reviewed.

- CDBG application experience. A simple, yet effective, method to evaluate community needs is a review of recent past CDBG applications. This is a good indicator of demand for funds and the types of projects communities seek to complete.
- Unemployment and demographic data. This information is basic to any understanding of needs, though it is very general and nonspecific.
- State Economic Development Strategy. In 1995 The Department of Economic and Community Development conducted an assessment of statewide economic development needs. This culminated in a state economic development strategy of which the CDBG program plays a part.

The Results

The Survey. In 1996 twenty-nine surveys were collected from community officials, housing providers, and leaders of nonprofit organizations. The three greatest needs identified were for public infrastructure, particularly water and sewer projects, economic development and job creation related projects and housing related programs. Three other types of programs identified by respondents were public services, planning activities and downtown revitalization programs.

These questions were asked again as part of a larger survey project conducted by the CDBG program in 1997. Five hundred surveys were distributed and phenomenally 300 were returned. Again, the respondents, primarily municipal officials identified public infrastructure as by far and away their most important need with economic development a distant second.

Public Forums. The forums were not designed to reach consensus on the CDBG program but to obtain input from communities, service providers and the public. In general, meeting attendees support the current allocation of CDBG resources and the existing menu of programs. Significant comments included: increase funding for economic development activities, create stronger linkages between MSHA and CDBG housing programs; increase the priority for projects addressing health, safety and welfare related needs; add a business counseling option to the micro-loan program and; develop a multi-faceted downtown revitalization program. 1998 forum participants strongly endorsed the Regional Super Park program.

Information on Related Programs. The Maine Department of Environmental Protection maintains an inventory of wastewater facility needs identified through the year 2000. Fifty-five projects are currently on the list with an estimated construction cost of \$150,123,085. The Rural Development agency (former Farmer's Home) provides funds for water, storm water, wastewater, and reservoir construction projects. Currently fifty-six projects are on the waiting list to be funded with an estimated value of \$82,192,520. Rural Development also funds public buildings such as fire stations, health care facilities and day care centers. Thirty-two applications are currently awaiting funding with an estimated value of \$12,728,500. It is acknowledged that not all of the over \$245 million in identified projects are eligible for CDBG funding. It should also be recognized that this is hardly an exhaustive list of potential projects. In any event, it represents a clear demonstration that an enormous unmet need for community development projects exists. MSHA programs which can contribute to housing development are described in later sections of this Plan.

CDBG Application Experience. Six CDBG programs have historically been operated on a competitive grant application basis: Housing assistance, Public Facilities (categories 1,2,3), Economic Development Infrastructure, Micro-loan, Public Service and Planning.

Program	'96 apps	'96 funded	'97 apps	'97 funded
Housing	29	10	23	10
Public Facilities (total)	63	17	64	18
1	30	9	34	11
2	27	5	24	6
3	6	3	6	1
Econ. Dev. Infra	21	14	10	8
Micro-loan	10	5	5	4
Public Service	18	7	8	2
Planning	41	15	30	15
Downtown Revitalization			11	3

In the heavily subscribed Public Facilities program, only 27% of applications were funded in 1996 and 28% in 1997. Only 27% of Downtown Revitalization applications were funded in 1997. For the Housing Assistance program, 35% of applications were funded in 1996, 43% in 1997. Clearly, demand for CDBG funds in all competitive programs exceeds the supply of funds by a factor of at least 2 and often as high as 4 or 5 times. For non-competitive programs such as the Development Fund and the Regional Assistance Fund demand and supply are in close balance. The demand for Urgent Need funds has been variable over the past years largely dependent on unpredictable or unforeseen events.

Unemployment and Demographic Data. While the overall state unemployment rate is lower than that of the U.S. as a whole (4.1% to 4.4%, October 1997), significant regions of Maine continue to have very high local unemployment rates. While rates in southern Maine are very low, significant portions of northern and eastern Maine continue to have rates above 8% of the work force. In Central Penobscot County (Millinocket) and Eastern Washington County (Calais and Machias-Eastport) unemployment rates top 9%. Despite low unemployment rates, uncertainty surrounding employment is remains very high. While the economy has been slowly expanding in the past few years the prospects for widespread prosperity for northern Maine are not bright. In southern Maine, the near-term future appears strong for modest steady growth, contingent upon the fate of the national economy and a few key employers, notably the Bath Iron Works.

Economic data demonstrates that large numbers of households, including homeowners, have incomes well below the median and carry significant cost burdens. The number of cost "over burdened" households has increased in the past five years with trends pointing to continued increases in the next five.

State Economic Development Strategy. In January 1996 the State of Maine, for the first time in its history, unveiled a strategic economic development plan. The plan is based upon reports, studies and public forums held during 1995 to assess the economic development needs of the state. Among the strategies that relate to the CDBG program include: support of

manufacturing and small businesses; improved access to capital, particularly "patient capital"; improve opportunities for job training; targeting specific industries including marine sciences, precision manufacturing and retirement services; and continuously improving our transportation infrastructure. The strategy highlights the need for Maine to diversify its economy and reduce reliance on military facilities or defense related industries. The strategy targets new industries in an effort to supplement traditional manufacturing sectors currently in decline.

The Sum. To sum up the general findings of the six assessment areas:

- Infrastructure, economic development and housing remain central to the CDBG program.
- The MSHA and DECD should continue to improve coordination of housing programs.
- Programs should increase their focus on health and safety issues.
- DECD will continue to initiate a downtown revitalization program.
- Water, sewer and public facility programs are in very strong demand.
- Northern Maine remains plagued by high unemployment and poverty.
- The economy of southern Maine, while much stronger, remains fragile.
- The CDBG program will support, wherever appropriate, the state's economic development strategy .
- The new Regional "Super Park" program addresses a well identified need and received strong support at public forums.

ACTION PLAN: ONE YEAR USE OF FUNDS

Introduction. In the following, DECD and MSHA present their one year action plans for the expenditure of HOME, CDBG, and other associated dollars. The action plan reflects each agency's strategic plan and adjustments to those strategies made through this year's needs assessment process. Each individual section starts off with a summary of those strategies and priorities and then is followed by the allocation distribution and general program descriptions. for more detailed information on each program, please contact DECD or MSHA.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Programs and Priorities

Since the CDBG program's administration was turned over to the state from the Department of Housing and Urban Development (HUD) in 1982, \$193 million dollars has been distributed to Maine's cities and towns. It is anticipated that Maine's FY98 program allocation will be \$16.153 million, \$408,000 below the 1997 level. The strategic allocation of these resources to achieve maximum benefit for Maine's communities and their low and moderate income residents is the challenge of the state's Consolidated Plan. The 1998 Plan will continue to build upon the approach taken in 1997. First, the Plan will set a framework or vision of the CDBG program and how it relates to overall state goals. Secondly, the Plan will review each program offering and examine how policies and priorities have been established. Finally, the Plan will commit the state to programmatic goals to be achieved. The 1998 Plan is very similar to that for 1997. We believe we're on the proper course and a consistent effort is critical to success.

Notification of the \$408,000 reduction in the CDBG allocation came extremely late in the planning process. Decisions concerning how to distribute the reduction among program offerings has not been made at this time. DECD requests input from the public concerning the allocation of these budget reductions.

State Economic Development Strategy

In 1996 the State of Maine, for the first time, established and began implementing a comprehensive Economic Development Strategy. The strategy represents an organized plan of action to stimulate the state's economic growth, create and retain high quality jobs, improve the state's public infrastructure and train our workforce for the challenges of the next century. While Maine has used CDBG funds for economic development activities for some time, now these efforts are grounded within the context of an overall plan.

The CDBG program is devoting an increasingly higher proportion of funds to economic development efforts. The central premise is that a thriving, sustainable economy offering opportunity, rewarding employment and a climate where business can prosper will create vibrant communities. Such communities, with revitalized and vital economies will be in a much better position to fund their infrastructure, improve their housing stock and provide public services to those of lower incomes, independently, on into the future.

Service Center Communities. For the past decade much of Maine's community planning efforts focused on managing growth and directing it to the most appropriate locations. These efforts are now coalescing around a new program, the Service Center Communities Initiative, working toward the revitalization of the state's most prominent population, employment and

retail/service center communities. These communities, sixty-nine in total, are identified in the State Planning Office (SPO) report "Costs and Impacts of Development Patterns in Maine, August 1996". It is in these communities that the development of public improvements, particularly water and sewer facilities are particularly critical. This SPO initiative, often dubbed the "anti-sprawl" campaign, will be supported by the CDBG funded comprehensive Downtown Revitalization program and an emphasis on these communities in the award of water and sewer projects.

Integrated Programs - HOME and CDBG. In two CDBG programs, Downtown Revitalization and Housing Assistance, linkages have been established between the CDBG and HOME programs. HUD's consolidated planning process is based upon the premise that through increased coordination, limited resources can accomplish more. In each CDBG funded Housing Assistance community, HOME FIX-ME funds will be strategically targeted to fund additional projects, do more work at a particular home, and stretch the precious CDBG grant funds.

New CDBG Program Offering - Regional Super Park Project. The CDBG program will have one new program offering in 1998, the Regional "Super Park" program. Critical analysis demonstrated that Maine's overall economic development efforts are hampered by a lack of modern, high quality business locations. The purpose of the "Super Park" program is to provide an incentive to one region in the state to develop such a facility. An extremely high local match (\$5 local to \$1 CDBG) requirement will ensure strong local commitment. It is anticipated that such a facility would lead to the creation of over 1000 jobs within five years.

Overall, excepting the new "Super Park" program, the 1998 Plan contains very modest changes for the CDBG program. The three general programmatic areas of Community Development, Economic Development, and Planning remain. The challenge throughout the planning process has been to balance the goal of developing thriving local economies without curtailing the traditional CDBG programs of housing, public facilities and public services.

To that end, the following goals to meet needs identified in the planning process are established:

OBJECTIVES / PRIORITY NEEDS	PRIORITY NEED LEVEL	# JOBS, HOUSEHOLDS OR COMMUNITIES SERVED	GEOGRAPHIC TARGETING
• Continue to maintain public facilities/ infrastructure construction	HIGH MEDIUM LOW	9 major projects 7 projects 2 small projects	Restricted to non-entitlement areas
• Provide funding for housing rehabilitation	HIGH	200 housing units	Restricted to non-entitlement areas
• Maintain flexible economic development initiatives	HIGH	create or retain 1750 jobs, not including secondary market impact	Restricted to non-entitlement areas
• Provide planning assistance and public service programs	MEDIUM-HIGH	58 projects for services and community planning	Restricted to non-entitlement areas
• Develop Innovative Programs that link housing and commercial development	HIGH	2-4 downtown revitalization pilot projects	Restricted to non-entitlement areas

Citizen Participation. In addition to the "formal" Consolidated Plan citizen participation, the CDBG program has a special commitment to citizen input. Most program applications contain a separate section dedicated to citizen participation, reinforcing the view that CDBG projects are community based. Communities are directed to use all available techniques to solicit citizen input and have this input reflected in the development of their CDBG program. All communities must have citizen advisory groups assisting in the management of the CDBG programs.

Project Selection. The selection of communities and projects to receive CDBG funds is a tremendous challenge. Many worthy applications are submitted for the extremely limited funds. The CDBG program has established a review system based primarily on fixed scoring criteria. This ensures a system that is known and understood by all and provides for a fair and open competition. The process has been strongly supported by communities for many years.

Note that a detailed description of each CDBG program is contained in the Program statement found in the appendix of this Plan.

PROGRAMS

COMMUNITY DEVELOPMENT PROGRAMS

A. HOUSING ASSISTANCE

Budget \$2,400,000 CDBG Priority - High Goal - 200 rehabilitated housing units
HOME

Housing Assistance has been a mainstay of the CDBG program since its inception in 1974. Funds have historically been used primarily to establish locally administered housing rehabilitation programs. The program contains two features that distinguish it from those administered by the Maine State Housing Authority or local community action programs: local community control and the ability to grant (as opposed to loan) program funds to households with extreme financial needs. Demand for program funds was not as high in 1997 as past years, with only 23 applications submitted. Eight projects were funded with 1997 funds and two additional housing projects were funded with returned prior year funds.

In response to input received at public forums and HUD's demand that funds be used as efficiently as possible, direct linkages are now established between CDBG funded Housing Assistance programs and the HOME funded FIX-ME program. \$800,000 in FIX-ME funds will be dedicated to the new Housing Assistance programs. They will supplement and compliment the CDBG funds to rehabilitate additional units in each community and better target the FIX-ME program to enhance community development efforts.

In response to input received at public forums and HUD's demand that funds be used as efficiently as possible, new linkages exist between CDBG funded Housing Assistance programs and the HOME funded FIX ME program. FIX ME funds will be directed to the Housing Assistance programs. They will supplement and complement the CDBG funds to rehabilitate additional units in each community and better target the FIX ME program to enhance community development efforts.

B.DOWNTOWN REVITALIZATION

Budget \$790,000 Priority - High Goal - 2 to 4 comprehensive programs

From 1994 to 1996 the CDBG program provided funds to 27 communities to complete downtown revitalization plans. For several years these communities have requested a special program to provide funds to implement these plans. The Downtown Revitalization program will allow communities to implement integrated, comprehensive solutions to address their revitalization needs. Programs may include public improvements, housing activities, public services, micro-loan program, facade loan programs or handicap accessibility. Housing activities will be funded by HOME program funds. In many ways this type of comprehensive program harks back to a time when communities applied to only one CDBG program "community revitalization". For targeted downtown areas this appears to be a logical and effective approach. In 1997, eleven communities submitted applications for downtown revitalization program funds. Projects in Greenville, Unity and a modest project in Liberty were funded and are moving to construction in the Spring of 1998.

C.PUBLIC FACILITIES AND INFRASTRUCTURE

Category #1	\$3,555,000	Priority - H	Goal - 9 major projects
Category #2	1,500,000	Priority - M	Goal - 7 projects
Category #3	100,000	Priority - L	Goal - 2 small projects

Public facilities is the most heavily demanded CDBG program. This is not surprising as the provision of these facilities has long been viewed as an integral role of local government. In 1997 sixty-four applications were received, with available funds limiting the number of grant awards to only 18 projects. Even while the program's overall direction is shifting to economic development activities, the commitment to public facilities remains very strong. The program will continue very much the same as in past four years including the division of the program into three sub-categories.

The majority of program funds will continue to be devoted to the first category, water/sewer and downtown revitalization. This determination is well supported by the community needs assessment, a backlog of over forty pre-applications filed with the Rural Development program and over fifty projects identified by the Maine Department of Environmental Protection. Category #1 projects will also support the state's "service center" policy. Category #2 will receive an additional budget allocation of \$500,000. This increase is well supported by the number of applications received in 1997 (24) and the small number of projects funded (5). The \$500,000 budget increase should enable the program to fund at least two and possibly three new projects in 1998.

In response to both program staff and public input, communities will be required in 1998 to provide evidence of low/moderate income area wide benefit as a part of the "phase I" application. The program will fund a maximum of two fire stations in 1998 and will require a 30% cash match. In category #3, salt/sand sheds will receive the lowest priority. Only after all other eligible category #3 projects are funded will these projects receive consideration.

D. PUBLIC SERVICES

Budget \$250,000 Priority - M Goal - 6 to 8 projects

The provision of funds for public service activities is a small but significant element of the CDBG program. Public comment has consistently requested that the program be retained even at its current modest funding level. In 1996 the program received 18 applications for funding, in 1997 only 8. The program is now a direct benefit program, with all persons benefiting from funds required to be income qualified. The Public Service program is not directed toward any state established programmatic priorities. Public comment has repeatedly stated that this should be left to each community to decide. In 1996, one-half of the applications focused on job and educational training. In 1997, 3 of the 8 applications were education or job training related. The balance in 1997 dealt with child care, disabilities, elderly, and "at-risk" youth. The "crop" of applications in 1997 was particularly disappointing with only 2 projects attaining the minimum review score to obtain funding. Technical assistance efforts will be targeted to improve the quality of the programs and applications seeking funding.

E. URGENT NEED

Budget \$248,855 Priority - H Goal - no goal established

The Urgent Need program is designed to address serious community problems related to imminent and unforeseen threats to health and safety. Funding for the program remains small, as only a very few crisis level situations occur per year. Funds are distributed on a first come, first served basis and only as needed. Projects in 1997 included: Monmouth (flood damage mitigation), Waldoboro (drinking water shortage), Monson (septic system problem at elementary school) and Norway (erosion control at sewage treatment plant).

ECONOMIC DEVELOPMENT PROGRAMS

A. DEVELOPMENT FUND

Budget \$750,000 program income projected Goal - 125 new jobs

In 1997, the Development Fund program received a capital infusion of \$500,000. Given that the program is estimated to capture an estimated \$750,000 in loan repayments (program income) no new funds will be added to the asset balance in 1998. The Development Fund will be used only in cases where local or regional loan programs can not fill a financing gap. Priority will be given to projects consistent with the state's economic strategy. Lowest priority will be afforded to projects such as restaurants, retail stores, seasonal employers and businesses that pay low wages and provide minimal employee benefits.

B. REGIONAL ASSISTANCE FUND

Budget \$700,000 Goals -match \$5,000,000 in federal or private funds
create or retain 150 jobs

The Regional Assistance Program has played a significant role in allowing the state to capture funds, primarily from the Economic Development Administration (EDA) and Rural Development (formerly Farmer's Home) by providing the required matching funds. Following recommendations from regional councils and comments at public forums the

program will undergo some structural changes. Projects related to job creation will be given priority over planning programs. All projects will undergo review to ensure job creation objectives maintain a low jobs per dollar ratio, are consistent with the state's economic development strategy, and in full compliance with CDBG requirements.

C.ECONOMIC DEVELOPMENT INFRASTRUCTURE

Budget \$3,200,000 Goal - 8 projects, 360 new jobs

The Economic Development Infrastructure program, initiated in 1993, represents the CDBG program's largest economic development initiative. This program provides funds to construct public infrastructure in support of private economic development investment. The program has made critical contributions to the state and is well supported by the public. The public infrastructure program will remain essentially as it has in the past, with additional emphasis placed upon project readiness. The budget for the program will be slightly reduced in 1998 in order to fund the Super Park project.

D.MICRO-LOAN PROGRAM

Budget \$300,000 Goal - 50 new jobs

While remaining modest in size, the Micro-Loan program has been extremely successful for some communities. Much like the Housing Assistance program, it is distinguished from other similar programs by the element of local control. It is also ongoing, with funds revolving back to the program creating a long lasting community directed economic development tool. Not every community is capable of administering a successful program, but for those that are, it can serve a strategic role in a local economic development program. In 1997 significant public comment was received concerning the addition of a business technical assistance component to the program. It was argued that many loan applicants require assistance beyond what the current administrative budget can afford. Again in 1998, up to \$12,500 will be available to each local micro-loan program for this purpose.

E.BUSINESS ASSISTANCE PROGRAM

Budget \$1,200,000 Goal - 120 jobs created or retained

Based upon public comment and input from the DECD, the economic development programs were expanded in 1997 with the new Business Assistance Program. The program allows direct assistance to private businesses in the form of grants or loans. Providing direct assistance requires a much higher standard of evaluation for financial viability, public benefit, financial need, collateral, ability to carry debt than the existing EDI program. Assistance will only be for infrastructure, buildings and equipment.

Despite significant improvement in the past 4 years, Maine's economy remains vulnerable. Defense downsizing, the loss of jobs in the traditional manufacturing sector (textiles, shoes and forest products) and the natural disadvantages of distance to markets and harsh climate continue to present challenges to the state. The Business Assistance Program will be targeted to relieving serious economic conditions to ensure job retention and to new opportunities identified in the state's economic development strategy. In 1997 the two most significant Business Assistance projects were the Hathaway Shirt Company in Waterville (423 jobs

retained) and the Kent Textiles Company in Fort Kent (100 jobs retained, 50 new jobs created).

F. REGIONAL SUPER PARK

Budget \$1,000,000 Goal - 1000 jobs created

As briefly described at the outset of the CDBG section, the Regional Super Park program is the only new program offering for 1998. It also represents one of the most innovative initiatives ever for Maine's block grant program. CDBG funds would be combined with substantial local financing to develop the public infrastructure of a new, state-of-the art regional business park. The park would have access to transportation systems, contain the latest telecommunications technologies and contain amenities designed to serve the work environment of the 21st century.

A grant will only be awarded after thorough review of proposals with an ensurance that all applicable CDBG requirements, particularly job creation for low/moderate income persons will be met.

PLANNING PROGRAMS

A.COMMUNITY PLANNING GRANTS

Budget \$100,000 Goal - funding for 15 planning projects

Only one planning program (excluding Phase II planning) is now offered. Communities wishing to complete downtown planning projects would apply to this program. It is generally thought that the specialized Quality Main Street program had served its purpose and was no longer needed as a separate stand alone program. The Community Planning Grant budget was increased in 1998 to accommodate the potential for added demand.

B.PHASE II PLANNING

Budget \$75,000 Goal - provide assistance to 35 communities

Phase II planning grants are awarded to communities that have successfully competed in the initial Phase I application process. Beginning in 1996 these grants were significantly reduced and targeted to communities that had not participated in the CDBG program in many years or had a particularly complex program design.

ADMINISTRATION

Budget	Federal funds =	\$397,615
	State match =	\$204,785
	Total administrative funds =	\$602,400

TECHNICAL ASSISTANCE

A.CDBG TECHNICAL ASSISTANCE

Budget \$161,530

The CDBG Technical Assistance fund represents 1% of the federal allocation. These funds support the development of program materials, workshops, training programs and special conferences.

B.REGIONAL COUNCIL TECHNICAL ASSISTANCE

Budget \$175,000

In each of the state's eleven Regional Council districts, technical assistance services are provided to communities to assist them in the development of CDBG projects and program applications. Regional Councils (alternately identified as Councils of Government or Development Commissions) play a critical role in the identification and development of community projects.

FEDERAL HOME INVESTMENT PARTNERSHIP PROGRAM

HOUSING STRATEGIES

MSHA's Executive Committee and Board of Commissioners allocated resources using the housing needs assessment, input from its partners, and a variety of survey information. The priority table was constructed based on the resource allocation process. These priorities point to the need to continue the first-time homebuyer program, expand upon the success of the FIX ME program, continue the pilot in the senior citizen arena to interest other funding sources, continue work in the supportive housing field, particularly for those that are mentally ill and homeless, and continue to a lesser extent, rental programs. Each of these is consistent with MSHA's strategy of serving the five priority population groups:

With Maine's markets both volatile and varied, staff will carefully monitor the impact of individual projects on the local market, carefully balancing supply and demand issues.

PRIORITY	
HIGH	VLI Existing Home Owners
HIGH	VLI Renters
HIGH	Homeless Persons and Families
HIGH	VLI Persons with Special Needs
HIGH	First-time Homebuyers
HIGH	VLI First-time Home Buyers
MEDIUM	LI Renters
MEDIUM	Non-homeless Persons with Special Needs
MEDIUM	Low Income Owners
LOW	ELI First-time Homebuyers
LOW	Large Related Renter Households

MSHA ALLOCATION PROCESS

With increased efficiency in the use of its varied revenue sources, MSHA has adjusted its approach to the allocation process, now including both subsidy sources and bond monies as "scarce" resources. In this past year, MSHA pushed against the caps of bond and subsidy availability, reaching the limits of these resources. Bond capacity includes MSHA's fiscal year bonding capacity, utilizing its ability to sell mortgage revenue, taxable bonds and 501(c)(3) bonds to provide the primary fuel in its housing program. Subsidy resources are those funds which permit the development of flexible financing programs that work to serve the most needy, and include the Fed-HOME program, State-HOME funds, Low Income Housing Tax Credit, Financial Adjustment Factor, and state Shelter Operating Subsidy funds and the mental health general obligation bonds approved in 1994. The combination of these resources permit

MSHA to target each housing program to meet the needs of our five priority population groups. state HOME is the most flexible because it is the least restrictive.

This year's allocation looks as follows:

MSHA Scarce Resource Allocation by Program			
	<i>Units</i>	<i>Percent</i>	
First time home buyers			
FTHB Program	1,200-1,400	10%	
Down Home	400	10%	
New VLI program	100	4%	
Existing home owners			
FIX ME	1,250	29%	
Keeping Seniors	40	1%	
Homeless persons		4%	
Persons with special needs			
SHP A, B & C	125	16%	
Cost burdened renters			
RLP	150	13%	
New lease	50	4%	
Tax Exempt	45	3%	
Special Projects		1%	
CHDO		5%	

The resource allocations approved by the MSHA Board of Commissioners resulted in plans to serve the following populations outlined in the chart below:

OBJECTIVES / PRIORITY NEEDS	PRIORITY NEED LEVEL	# NEW HOUSEHOLDS SERVED	GEOGRAPHIC TARGETING
<ul style="list-style-type: none"> • Deep Rental Subsidy ELI VLI LI 	<p>HIGH</p> <p>HIGH</p> <p>HIGH</p>	<p>15</p> <p>98</p> <p>37</p>	Non-entitlement areas
<ul style="list-style-type: none"> • Rehab Assistance for Home Owners ELI VLI LI 	<p>HIGH</p> <p>HIGH</p> <p>HIGH</p>	<p>120</p> <p>195</p> <p>770</p>	No restrictions for Fed-HOME Restricted to on-entitlement areas for CDBG
<ul style="list-style-type: none"> • Rehab of Investor Owned Structures ELI VLI LI MI 	<p>HIGH</p> <p>HIGH</p> <p>HIGH</p> <p>LOW</p>	<p>11</p> <p>34</p> <p>23</p> <p>32</p>	No restrictions for Fed-HOME Restricted to non-entitlement areas for CDBG
<ul style="list-style-type: none"> • Ownership Opportunities ELI VLI LI MI 	<p>LOW</p> <p>HIGH</p> <p>HIGH</p> <p>MEDIUM</p>	<p>134</p> <p>812</p> <p>755</p> <p>403</p>	No restrictions
<ul style="list-style-type: none"> • Increase Supply of Housing 	LOW	205	Areas where documented need exists for additional units
<ul style="list-style-type: none"> • Special Needs Housing 	HIGH	125	No restrictions
<ul style="list-style-type: none"> • Maintain Emergency Response for Persons and Families that are Homeless 	HIGH	7,000	No restrictions
<ul style="list-style-type: none"> • Develop a continuum of long-term, independent, affordable housing options. 	HIGH	included in figures above	No restrictions
<ul style="list-style-type: none"> • Continue to maintain public facilities/ infrastructure construction 	HIGH		Restricted to non-entitlement areas
<ul style="list-style-type: none"> • Provide funding for public service programs 	MEDIUM		Restricted to non-entitlement areas
<ul style="list-style-type: none"> • Maintain flexible economic development initiatives 	HIGH		Restricted to non-entitlement areas
<ul style="list-style-type: none"> • Provide planning assistance 	MEDIUM		Restricted to non-entitlement areas
<ul style="list-style-type: none"> • Set aside CDBG funds for projects of an emergency or urgent nature 	MEDIUM		Restricted to non-entitlement areas

The shifts in households served from the previous consolidated plan reflect the findings of the needs assessment:

- Consistent with national goals and state policies, the state will continue to create homeownership for low income households. With MSHA now playing a role in 1 out of 5 home sales, the state hopes to draw upon the market of roughly 70,000 households that have the potential to own a home and build upon the 25% increase in the past year. New efforts will be made to reach further to the ELI and VLI populations, with the hope that reaching that group will promote independence and self esteem, as well as free up rental units at this income level.
- Recognizing that Maine has one of the largest percentages of homeownership in the country, the state will focus on making improvements to what is also one of the oldest housing stocks. The 1,000-1,200 units hope to be served is an increase of roughly 100% and will begin to impact a market of almost 53,000 households and in some cases, may actually prevent homelessness. These improvements are in addition to other improvements and support MSHA provides through the Low Income Heating and Home Energy Assistance Program and the Weatherization program.
- This is the first year that MSHA has had a decline in the availability of scarce resource subsidy and reached its maximum bonding capacity. MSHA will work hard over the next year to identify new sources to make up for a \$5,000,000 reduction available and will work with its national coalition to reduce the caps on bonding capacity. The net result is a reduction in the number of persons served and an examination of how to better use taxable bonding capacity.

FED-HOME PROGRAM ALLOCATION

As MSHA mixes and matches its scarce resources, Fed-HOME dollars play an increasing role in assisting existing home owners. Along with being the primary source for interest rate buy down in the FIX ME program, Fed-HOME also is the primary source for mobile home replacements and the "Keeping Seniors Home" program. Keeping Seniors Home is a second year pilot program using FIX ME dollars for senior home improvement projects. The program is designed to serve those with specific health related problems that require home modifications for the individual to remain home. Merged with home health care services, it is just one part of the senior housing continuum MSHA anticipates serving in the future.

Fed-HOME's role in other programs will be restricted to their use through the CHDO process. The two most common CHDO projects in the last year have been ELI homeownership opportunities and special needs projects. This focus is likely to continue.

The New Lease program will continue, but will be funded through a funding source with less monitoring requirements, per our partners' request. The program will continue to serve deep rental subsidy efforts. Concurrently, the RLP and tax exempt program will, in most cases, use non Fed-HOME subsidy resources. In all of these cases, the programs will be presented as a non-allocated program with the potential to be funded half way through the year.

MSHA will consider a taxable bond program for straight rental rehabilitation in the upcoming year. Interest rates will be at market level, focusing on modest gains in affordability and assisting owners who need rehabilitation but are saddled with high interest rate loans.

The shift in spending levels creates the following percentage breakdown for the use of Fed-HOME spending:

15% CHDO Set-Aside
72% FIX ME Program (homeowner rehabilitation and replacement)
3% FIX ME: Keeping Seniors Home
10% Administration

In the following, the programs to be funded with Fed-HOME dollars will be described. The descriptions are broad in nature and provide general insight into program development. More detailed information is available upon request.

PROGRAMS

A. FIRST-TIME HOMEBUYER PROGRAM/CHDO (Fed-HOME: \$500,000)

In the most recent CHDO competitive round, over two-thirds of the applications were for funds to create first-time homebuyers. This program is an effort to acknowledge that fact and recognize that MSHA intends to strengthen that activity in the upcoming year.

The goal for using CHDO set-aside funds for homeownership has been to maximize access to homeownership opportunities for very low income families. The strategy is to provide these families with purchase financing they can afford.

There are at least three financing models that may be employed. The first is what is commonly known as a "soft-second" mortgage. The concept is to provide financing (using Fed-HOME funds) which is subordinate to a conventional amortizing first mortgage. Typically, the subordinate debt does not require immediate amortization through mortgage payments, but remains in place to be repaid at some point in the future. This allows the family to have funds available to purchase their home but only have responsibility for payments which they can afford.

A second model — interest subsidy — also allows a family to have sufficient funds to purchase a home at affordable payments but calls for one mortgage at below market interest. This is accomplished by making a financial arrangement with a lender whereby Fed-HOME funds are made available to the lender in exchange for the lender providing the below market interest rate loan to the homebuyer.

A third, but varied alternative of either of the above, is to mix each with MSHA's conventional first-time homebuyer program. In all cases, homeownership is made available to families that typically cannot afford such homes and need or are in need of short and long term assistance that often requires very deep subsidy.

In the upcoming year, MSHA will work to utilize the CHDO set aside to create VLI and ELI homeownership opportunities consistent with one or more of the models identified above.

B.FIX ME
(FED-HOME \$4,152,000)

INTRODUCTION

The FIX ME Program is designed to repair single family owner occupied homes. The program is administered by the Maine State Housing Authority and delivered by qualified nonprofit lenders who operate the program in their service area. The FIX ME Program provides low interest loans to low income homeowners for home repairs. Home repairs are made to BOCA code standards.

PROGRAM OVERVIEW

The FIX ME Program will be funded with bond proceeds, with the federal HOME Investment Partnerships Program providing interest rate subsidies. Participating lenders originate loans and the Maine State Housing Authority will purchase home improvement loans after the loan closing. Originating lenders will continue to monitor completion of the rehabilitation. The primary originators will be the Community Action Program network. The criteria, based on present funding levels, is as follows:

Interest Rate:	The interest rate for Fed-HOME qualified loans is 2%.
Loan Terms:	The maximum term is 15 years.
Limit on Loan Amount:	Cannot exceed \$15,000 per borrower. Other sources of funds can be leveraged to complete the rehabilitation.
Repayment Terms:	Loans will be fully amortizing with level monthly payments of not less than \$25.
Security:	A recorded lien in the form of a Mortgage secured by the real property being improved is required for all loans in excess of \$2,800 or if the aggregate principal balance of multiple notes exceeds \$2,800.
Eligible Residences:	Existing single family, owner-occupied residences, including manufactured housing.
Income Limit:	Household income of borrowers cannot exceed 80% of the area median income.
Other Requirements:	New mortgages only, no refinancing. Borrowers must use the home as their principal residence.
Rehab Standards:	Any rehabilitation work done must be in compliance with local codes, standards, and ordinances and HUD's Housing Quality Standards.

A HUD environmental review must be conducted.

The value of the residence, after rehab, must not exceed the applicable mortgage limit for the type of single family housing

for the area where the residence is located as established by HUD.

Program Purpose:

The proceeds of the loan shall be used to finance improvements which substantially protect or improve the basic livability or energy efficiency of the housing unit. Residential properties may be improved to comply with state, county, or municipal health, housing, building, fire prevention, and housing maintenance codes or other public standards applicable to housing. All work or construction completed with program funds must be in compliance with all applicable building and housing codes and standards. The entire residence, after rehabilitation, shall be in full compliance with all such codes and standards for any replacement housing and for such improvement loans as required in the applicable Lender Performance Agreement.

Creation of apartment units is an eligible improvement only if there is no addition to or alteration of the existing foundation or "footprint" of the residence or the "silhouette" of the residence.

Handicapped accessibility improvements may include such items as the construction of ramps; installation of handrails and grab bars; replacement of bathtubs with wheel-in showers; lowering of items such as sinks, electrical switches, and cupboards; widening of doorways; and provision of bathroom or bedroom space on the first floor level of the dwelling. All such items must be fixtures.

Improvements must be considered to be permanent general improvements. Permanent general improvements shall include additions, alterations, renovations, or repairs upon or in connection with existing structures which substantially protect or improve the basic livability or energy efficiency of the residence. Appliances, pieces of furniture, or other items which are not fixtures shall not be eligible. Improvements shall not include materials or fixtures of a type or quality exceeding that customarily used in the locality for properties of the same general type as the property to be improved.

C. FIX ME HOME REPLACEMENT

MSHA will also operate a home replacement program permitting a combination of Fed-HOME and other resources to spend up to \$25,000 for the replacement of homes considered incapable of rehabilitation. This is a special program in which MSHA will fund up to 40 units this year. Other program descriptions remain similar to that of the main FIX ME program.

D. FIX ME KEEPING SENIORS HOME

Fed-HOME: \$160,000

This is the third year of this pilot program, having operated only in Kennebec, Somerset, and Penobscot counties this past year. It was clearly very popular from the start, with demand exceeding the supply of dollars.

Using the FIX ME model, Keeping Seniors Home provides outright grants to low income senior citizens in Maine who have been judged to be frail and, because of health related issues, must either have modifications to the home or move away. The program funds improvements in conjunction with the specific advice and recommendations of the appropriate home health care agencies with an estimated average expenditure of \$8,000.

While there are no limitations on the type of improvement except that it be related to the health problem, typical modifications can include bathroom accessibility, accessibility generally, heating zone system modifications, kitchen and bedroom modifications and other changes designed to make living in the home more consistent with the physical ability of the senior in question. With the exception of the above and that this is an outright grant program, FIX ME Keeping Seniors Home, all other requirements of the traditional FIX ME program will be applicable.

E. SUPPORTIVE HOUSING PROGRAM

INTRODUCTION

The Maine State Housing Authority (MSHA) will use Fed-HOME dollars to fund SHP programs through CHDOs. MSHA will also make most SHP projects Fed-HOME eligible for the purpose of creating matching dollars to meet Fed-HOME requirements.

The program is designed to serve populations with special needs as identified in the needs assessment of this Consolidated Plan. The state views the provision of a continuum of long-term, affordable housing options with the availability of supportive services when needed as the primary strategy for meeting the needs of very low income Maine households with special needs. The state's goals include using its resources to encourage the development of housing that is affordable to households earning less than 30% of the median income in a given area and to provide services to facilitate independent living options, when appropriate.

The program provides low-interest, fixed-rate financing as well as additional subsidy, when available, to nonprofit corporations. Funds may be used for the following: acquisition of buildings or property, rehabilitation, new construction, accessibility modifications, or any combination of these activities.

Eligible projects include, but are not limited to, transitional housing, group homes, single room occupancy (SRO) residences, supported or independent apartments, or other group living and residential programs. A qualified 501(c)(3) nonprofit borrower may provide homeownership opportunities through a leasehold arrangement.

Program goals include:

- providing a flexible program to finance and respond to a variety of affordable residential opportunities for low and very-low income people with supportive service needs;
- maximizing the continuous availability of program loan and subsidy resources;
- allocating MSHA loans and subsidy in a timely, cost-effective manner in order to maximize affordability and benefit;

- leveraging other private and public, local, state and federal resources;
- increasing involvement and capacity of nonprofit developers in meeting critical housing needs of Maine.

A threshold requirement of all applicants is site control for a period of at least 120 days through an option or purchase and sale agreement. At a minimum, MSHA will underwrite projects, based on an availability of HUD funding, to ensure:

- minimum level of MSHA subsidy;
- borrower credit worthiness;
- reasonable development costs;
- likelihood and availability of other sources of project financing;
- financing of no more than 100% of total development costs or 100% of appraised value, depending upon sources of funds;
- adequate debt service coverage;
- loan security; and
- sufficient replacement and operating reserves.

Projects are broken down into three basic categories, with Fed-HOME dollars potentially being a match in any one of them or with each one being Fed-HOME eligible:

1. Projects serving persons whose housing costs are not supported by the State of Maine. Here, projects are eligible for \$20,000 of 0% deferred, forgivable funding for the first five units and \$15,000 for each additional unit. Additional deferred 0% funds are available to match non-MSHA resources, with maximum subsidy for the entire project limited to \$350,000.
2. Projects serving people whose housing costs are supported by the state (except mental health customers). These projects are eligible for \$5,000 of 0% deferred, forgivable funding per unit or bed. Additional 0% funding is available to match non-MSHA resources with the maximum subsidy limited to \$100,000.
3. Projects serving mental health customers as recognized by DMHMRSAS are eligible for \$20,000 of 0% deferred non-recourse funding per independent unit with a maximum development cost of \$45,000 per unit. Funding for this program originates first from the General Obligation bond funds approved by voters in 1994 and then is matched with appropriate, as needed resources.

F. NON-ALLOCATED PROGRAMS: 1997

Because of limitations upon available housing resources, MSHA has not allocated Fed-HOME resources to the following programs at this time, but reserves the right to make such re-allocations during this program year. The decision to shift resources will be based on changes in the market and demand for the product that may unexpectedly occur in 1998, as well as having surplus available through one of the other programs. Formally, the MSHA Executive Committee, as part of the strategic planning and goal setting process, reviews the progress of all programs (and resource commitments) six months into the fiscal year (June) and votes to re-allocate those funds at that time. Programs that may receive such re-allocation funding are:

1. RENTAL LOAN PROGRAM

The Maine State Housing Authority offers a subsidized loan program to promote the rehabilitation of larger rental properties in the State of Maine. This year, that program will be

funded largely through bond capacity and the tax credit program. There may be projects during the course of the year that will be in need of additional subsidy to be closed and developed. Fed-HOME dollars may become such a resource. The primary role of the program is the rehabilitation of existing housing stock which, for varying reasons, current owners are not able to maintain.

Income eligibility and the number of families served will be consistent with Fed-HOME regulations, where Fed-HOME dollars are used. In all cases, improvements shall be consistent with HQS standards

Projects may be one or more existing buildings that are under common ownership, management and financing. There are no preferences for unit size and style. However, all units must be full residential rental units with a separate bathroom, and with adequate kitchen and sleeping facilities. All units must be located in the State of Maine, must be for year-round non-transient occupancy, and must comply with applicable MSHA, federal, state, and local requirements for the type of housing proposed.

MSHA strongly discourages displacement of households and will require that any unavoidable incidents of displacement or of temporary relocation be addressed in accordance with the Relocation Policy and federal requirements.

2.RENTAL ASSISTANCE PROGRAM

MSHA has considered experimenting with a statewide Rental Assistance program to assist homeless families with children who are eligible for the waiting list for Section 8 certificates and vouchers, as well as youth populations. Marketing would be targeted to homeless shelters so that homeless families or youth will be aware of this program offering. The HUD definition for homeless family or individual as described in 24 CFR 982.212(c) and verification of homelessness as described in MSHA's Section 8X administrative plan will be used. Preferences will be as follows:

1. Homeless families with children not in transitional housing
2. Homeless families with children in transitional housing
3. Homeless Youth
4. All other homeless
5. All others with a federal preference
6. All others not included above

Families or youth will receive subsidy to lease up in a suitably sized, HQS-inspected unit while they work toward self-sufficiency. The term of the program will be 12 months (or less) per family, during which they will remain on the Section 8 waiting list.

Each homeless family or youth will be responsible to pay up to 30% of their income up to a maximum of \$150 toward the rent each month. The managing agent will receive \$30 or their contracted fee for 8X administration (an average of \$30) per unit per month. Based on a Fair Market Rent, monthly rent typically will be \$455, for a cost of \$4,020 per unit per year. It is anticipated that each unit may serve more than one family.

A distinguishing characteristic of this program would be the requirement that the agent work with the head of household to complete an Individual Services Plan. The ISP will determine tenant status in terms of employment, education, and other service needs. The tenant will be asked to identify attainable, reasonable goals. After initial interviews and planning sessions, the agent will do an interview and follow-up after one month, after three months and after leaving

the program. The report, which is not a requirement to receive funding by the tenant, will assist MSHA in understanding the program. The program would be administered by MSHA existing agents as a percentage of the total number of units available, based on cost.

3. PROJECT REFINANCING

Introduction. In 1996, HUD altered the Fed-HOME rule to permit the refinancing of non-federally financed/insured or CDBG housing projects. While MSHA has not yet allocated funds to this program, there may be an instance in 1998 when this allocation may be necessary. If so, the following represents potential program use.

Program Description. HOME funds may be used for refinancing of projects, where such refinancing will be used for rehabilitation projects where subsequent income affordability will be consistent with Section 92.252. Affordability for this project shall remain for a minimum of 15 years and a maximum of 30 and is dependent upon the amount of MSHA and Fed-HOME subsidy that are required for the project. At a minimum, the following must also be met:

- Rehabilitation is the primary eligible activity and that requirement is met by establishing a minimum rehabilitation of \$2,500 per unit.
- That after a formal review of the Technical Services staff, it can be demonstrated that the need is not the product of dis-investment by the owner over time and that the new improvements will serve to extend affordability over an established period of time.
- Must demonstrate that the refinancing will maintain existing affordability or create new affordable units or both.

Given a limitation of resources, preference may be given to non-entitlement areas of Maine. During the year, MSHA will continue to investigate the need for such a program and should it deem it necessary, will create the appropriate program guidelines.

4. RENTAL REHABILITATION PROGRAM

Based on public comment, MSHA may consider offering once again a rental rehabilitation program, depending on the demand for resources during the fiscal year. Should an offering be made the program would promote the rehabilitation of smaller rental properties statewide. Projects may be one or more existing buildings that are under common, existing ownership, management and financing. There are no preferences for unit size and style. However, all units must be full residential units with a separate bathroom, adequate kitchen, and sleeping facilities.

Eligible rehabilitation can include a construction activity to correct unsafe or unacceptable housing conditions, to repair major building systems in danger of failure, to make energy-related repairs, to make improvements necessary to permit the use of rehabilitated projects by persons with disabilities, and to make other essential improvements. Eligible costs may also include demolition, lead based paint abatement, related soft costs, and relocation costs. This program is not intended to be used for the creation of new units, although exceptions can be made in special cases.

The applicant must be the person or entity who owns the project. An ownership entity must be validly existing and in good standing under the laws of the jurisdiction in which it is

organized and must be authorized to do business in the State of Maine at the time of application. MSHA requires at least one individual participant in all partnership ownership entities. Except for 501(c)(3), limited equity co-operatives, and governmental entity applicants, sole corporate ownership is not permitted without guarantor(s) acceptable to MSHA.

5. NEW LEASE

INTRODUCTION

New Lease offers subsidized loans to promote the acquisition and rehabilitation of smaller rental properties in the State of Maine. Funding for this loan program comes from a combination of funds available to MSHA. The primary goal of the program is to provide financial incentives for prospective owners of rental properties to offer decent, safe, affordable rental units to extremely low, very low and low income renters. It is anticipated that the program will assist in the creation of units at 30%, 40%, and 60% of median income.

ELIGIBILITY - GENERAL

Projects may be one or more existing buildings on a single site that are or will be under common ownership, management and financing. A project must be at least 4 units and may not exceed a total of 19 units. There are no preferences for unit size and style. However, all units must be full residential rental units with a separate bathroom, and with adequate kitchen and sleeping facilities. All units must be located in the State of Maine, must be for year-round non-transient occupancy, and must comply with applicable MSHA, Federal, state and local requirements for the type of housing proposed.

MSHA strongly discourages displacement of households and will require that any unavoidable incidents of displacement or of temporary relocation be addressed in accordance with the MSHA Policy on Displacement/Relocation.

ELIGIBILITY/INELIGIBILITY - SPECIFIC ACTIVITIES

MINIMUM REHAB REQUIRED - An average of at least \$2,500 for each unit in the project must be expended for rehabilitation deemed by MSHA as "required" to bring the unit up to standard.

All work financed with the proceeds of MSHA financing must comply with the federal definition of eligible costs for rehabilitation. As defined in federal regulations, eligible rehabilitation is:

" ... a construction activity to correct unsafe or unacceptable housing conditions, to repair major building systems in danger of failure, to make energy-related repairs, to make improvements necessary to permit the use of rehabilitated projects by persons with disabilities, and to make other essential improvements."

Underutilized space (eg. attics, porches, daylight basements, etc.) in structures which are, at application, primarily residential in character, may be converted to residential use. However, the creation of new units through construction or conversion of nonresidential space is generally not an eligible activity. On a case-by-case basis, with written letters of support from local officials, adaptive reuse of an existing, non-residential structure may be considered.

ELIGIBLE OWNERS AND BORROWERS

The applicant must be the person or entity who will ultimately own and operate the project. An ownership entity must be validly existing and in good standing under the laws of the jurisdiction in which it is organized and must be authorized to do business in the State of Maine at the time of a final application. MSHA requires at least one individual participant in all partnership ownership entities. Except for 501(c)(3), limited equity cooperatives, and governmental entity applicants, sole corporate ownership is not permitted without guarantor(s) acceptable to MSHA.

No owner/applicant, contractor or other entity, its principals or partners may participate in this program who is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in HUD housing programs. All owner/applicants and contractors will be required to certify that they are not so classified.

ADDITIONAL PROGRAM REQUIREMENTS:

AFFIRMATIVE MARKETING

MSHA has adopted policies and taken specific steps to eliminate unlawful discrimination in the admission or access to all of its Federal-HOME funded programs. Highlights of the MSHA Affirmative Marketing policy include the following:

Developers and applicants for Federal-HOME funded programs will be notified in program materials, notices and advertisements that MSHA does not discriminate on the basis of race, color, religion, national origin, ancestry, age, or physical or mental disability in the admission or access to, or treatment or employment in, its Federal-HOME funded programs.

Applicants for Federal-HOME funded programs will be notified that MSHA will make HOME-funded programs and services accessible to the maximum extent feasible by providing appropriate auxiliary aids and services in connection with an accessible location for program meetings.

Developers will be notified in the application process of the affirmative marketing requirement, and mortgage documents will require developers to comply with Affirmative Marketing and Fair Housing laws.

Loan recipients will be required to follow prescribed policies to solicit tenant applications from those least likely to apply. Marketing of vacant units will require the use of the Equal Opportunity Logo or slogan in any advertisement.

Loan recipients will be required to maintain a record of tenant applications submitted by prospective tenants. The required records will identify applicants by race, ethnicity, and gender group. MSHA will audit these records based on HUD standards.

MSHA will provide loan recipients with Fair Housing posters to display in their office or common areas, and with Fair Housing brochures to be distributed to current and prospective tenants.

Loan recipients must retain copies of all advertisements and make them available to MSHA upon request.

MSHA will make every effort to help loan recipients remain in compliance with affirmative marketing requirements through responding to requests for information on the fair housing laws and by conducting periodic training on fair housing law issues. However, compliance with affirmative marketing and fair housing law requirements is the responsibility of the loan recipient, and failure to comply will be treated as a violation under the terms of the mortgage.

MINORITY AND WOMEN BUSINESS OUTREACH

MSHA will continue to carry out a minority and women owned business outreach program to ensure the inclusion of women and minorities, and businesses owned by women and minorities, including, without limitations: real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters,

accountants, and providers of legal services. MSHA has designated a Minority and Women Owned Business outreach officer to ensure compliance. The plan includes the following:

Collecting existing lists of minority and women owned enterprises in the state and adding these to solicitation lists. These lists will be updated on an annual basis.

Making such solicitation lists available to applicants under HOME funded programs where appropriate.

Where economically feasible, required work will be divided into smaller tasks and delivery schedules will be designed to permit maximum participation by small, women, and minority owned businesses.

RESALE PROVISIONS

Resale and recapture provisions upon the sale of appropriate properties shall be consistent with the requirements of the Fed-HOME program and with any other specifics identified in each individual Financial Agreement package.

EMERGENCY SHELTER GRANTS PROGRAM

Introduction. Through federal appropriations under the Stewart B. McKinney Homeless Assistance Act, Maine will be allocated funding for use in the 1997 Emergency Shelter Grants (ESG) Program. The program is administered by the U.S. Department of Housing and Urban Development, which will oversee Maine State Housing Authority (MSHA) compliance with federal program regulations. The program that follows is based on funding at present levels with change subject to shifts in federal allocation formulas.

The ESG Program is designed to help improve the quality of existing emergency shelters for homeless persons and families and to help provide certain essential services to individuals and families that are homeless, so that these persons have access not only to safe and sanitary shelter, but also to the supportive services and other kinds of assistance they need to improve their situations. To help meet the costs of operating emergency shelters, the program is also intended to restrict the increase of homelessness through the funding of preventive programs and activities. ESG grant funds may therefore be used for the above activities.

This funding opportunity is available to the existing emergency shelters throughout the state.

Funds will be awarded by MSHA to units of general local government providing existing shelters or by sub-granting them to existing private nonprofit homeless shelter providers.

In this funding round, the ESG monies will be matched by MSHA with state Shelter Operating Subsidy monies and proceeds from the Financial Adjustment Factor. The total amount of funding is roughly \$1.85 million. Approximately \$200,000 will be set aside for an RFP, while the remaining will be parceled out to the existing emergency shelters on a formula basis that is weighted for 30% bed capacity, 15% for an even across the board formula and 55% for bednights/occupancy normalized to the statewide median length of stay. In addition, a cap of 7.5% was set as the maximum amount of total dollars that can be received from the state, with the monies over the cap being reallocated to the rest of the shelters based on their fair share, with the exception that \$42,000 go directly to existing day shelters (as of 1996) to serve unique daytime programs.

Since in some cases this new formula is relatively dramatic, it will be phased in over a two-year period, with 1997 being 33% from the new formula and 67% from the old; 1998 will be 67% of the new formula and 33% of the old and 1999 will be 100% of the new formula. With this formula, MSHA and partners worked out a basic threshold criteria that shelters shall meet in the upcoming year, in addition to state and federal regulations. Agencies not meeting state and federal regulations will not receive funding:

- a. Each recipient must be a municipality or nonprofit corporation registered with the state of Maine.
- b. Each recipient must provide emergency shelter to homeless persons. An emergency shelter is defined as a temporary place for persons in an emergency situation to stay, not to exceed a forty five day period, and must have the capacity to shelter and accept inquiries at all hours. A homeless person is defined as an individual or family which lacks a fixed, regular and adequate nighttime residence, including those already living in a shelter.
- c. Each recipient must provide, safe, decent emergency shelter nightly for an entire year, have at least six beds available and demonstrate an average of at least 15 bednights

per month to be eligible to receive funds in the capacity and occupancy sections of the funding formula.

d. Each recipient must demonstrate staff capacity to conduct intake and assessment of homeless persons. Each recipient must provide supervision and referrals to appropriate supportive services. Each recipient must also demonstrate the capacity to provide support activities that will result in homeless prevention.

e. Each recipient must operate its shelter facility in compliance with all applicable federal, state and local building codes, laws and regulations, not be delinquent with any debt payments with MSHA and have repaired any issues identified through prior MSHA monitoring.

f. Each recipient must be current in the required monthly and biennial reports to MSHA regarding shelter usage.

g. Each recipient's shelter activity must be consistent with and meet the needs identified by the Consolidated Plan for homeless persons.

h. Each recipient must be able to demonstrate the administrative and financial management capacity necessary to accept and account for the use of public funds.

The allocation of 1997 ESG funding will be made available to an identified list of existing, eligible emergency homeless shelter providers, consistent with the criteria identified above. A special fund amount will be set aside for the Preble Street Resource Center, which provides unique day time shelter assistance. The funding allocation from MSHA to these entities will include a blend of state SOS funds, FAF funds and ESG funding for a total of approximately \$1.7 million. Approximately \$200,000 of that amount will be set aside for competitive RFPs. All applications and programs will be funded according to the priorities listed below. In order to qualify under a given priority, an application or program utilizing the ESG monies must meet the documentation requirements of that priority.

Emergency Shelter Grant Uses. Emergency Shelter Grants may be used for the following:

- Maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings provided no more than 10% of a grant is used for cost of staff;
- Essential Services provided the Essential Services are new or a quantifiable increase over those provided by local government and no more than 30% of a grant is used for Essential Services;
- Homeless Prevention Services provided no more than 30% of a grant is used for Homeless Prevention Services;
- Major rehabilitation or conversion of a building if the building will be used as an Emergency Shelter for 10 years and meets safety, sanitation, and environmental standards imposed by the McKinney Act;
- Minor rehabilitation if the building will be used as an Emergency Shelter for 3 years and meets safety, sanitation, and environmental standards imposed by the McKinney Act.

OTHER GRANT USES

- A. Notwithstanding the priorities described above, MSHA shall set aside \$200,000 for a competitive request for proposal process for emergency shelters. If there is not revenue available to fund all RFP submissions, the submissions will be scored on the basis of the following:
1. the degree the applicant targets the basic shelter needs of homeless persons (as distinct from specialized treatment-oriented facilities);
 2. the degree the funding would decrease the risk of being homeless;
 3. the level of demand for the applicant's emergency shelter (considering occupancy, number of homeless persons served, number of referrals to other more appropriate shelter, number of bednights, and available alternatives for shelter); and
 4. Other criteria announced by the Authority.

Authority's Discretion. The Authority reserves the right to suggest changes to RFP submissions and to limit awards to ensure geographic diversity.

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