

1998

## MSHA Partners, 2nd Quarter 1998

Maine State Housing Authority

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The mission of the Maine State Housing Authority is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs.

2nd Quarter, 1998

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# MSHA Partners

A QUARTERLY PUBLICATION OF THE MAINE STATE HOUSING AUTHORITY

## Legislature approves more \$ for housing

The second session of the 118th Maine Legislature proved fruitful for housing interests in Maine. The Legislature restored funding to the state's housing trust fund and provided additional money to help Maine's emergency homeless shelters.

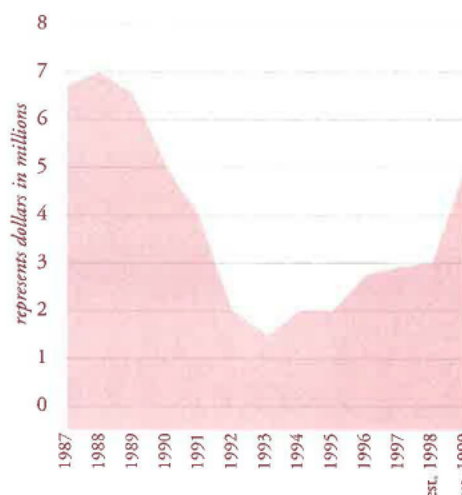
Perhaps most critical was restoration of funding to the state's Housing Opportunities for Maine (HOME) fund. The HOME fund is financed through the real estate transfer tax. Under the approved legislation the revenue will be divided among the state general fund (45%), the Maine State Housing Authority (45%), and the counties (10%).

The real estate transfer tax was doubled in 1985 to provide MSHA with a steady, dedicated source of revenue. The formula changed during the state budget crisis of the early 1990s to bring more money to the state general fund.

"The HOME fund is our most flexible subsidy funding and can be used in any of our programs that help provide affordable housing," said MSHA Director David Lakari. "Restoration of the funding will give us money to help more Maine people with critical housing needs. It also keeps faith with the commitment the Legislature made when it increased the tax."

The Legislature also approved \$600,000 in additional funds for Maine's homeless people. The legislation provides the added funding to Maine's network of emergency shelters. Most of the additional money is in response to recommendations from the Interagency Task Force on Homelessness.

State HOME Fund Revenues



In addition to more money, the legislation sets up a closer working relationship between emergency shelter workers and workers in social service agencies. It also calls for a study of homelessness among Maine's youth. ■

### Maine delegation backs federal housing measures

Maine is the second state in the nation to have its entire Congressional delegation support two key federal housing measures. Senators Olympia Snowe and Susan Collins, and Representatives John Baldacci and Tom Allen, are co-sponsors of legislation that would increase federal spending for Private Activity Bonds and the Low Income Housing Tax Credit. In both instances the legislation would increase the caps on the housing assistance to correspond with increases in inflation since the measures were instituted in 1986.

Private Activity Bonds are the tax-exempt bonds the Housing Authority sells to raise capital for its mortgage loans. These bonds also are sold by other independent state agencies,

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## Lowest rates since 1994

# First-Time Homebuyer loan rates reduced to below 6%

There was good news for Maine's first-time homebuyers this spring. The Housing Authority lowered interest rates on its popular first-time homebuyer program to **5.95%**, the lowest interest rate in four years.

"This is an ideal time for buying a home," Lakari said. "Our interest rate makes it possible for many families who never thought they could afford a home to become homeowners for the first time. Our rate will save borrowers hundreds of dollars a year in interest charges."

In addition to the low interest rate, MSHA continues to offer its Down Home program to lower income borrowers. Those eligible for the program can purchase a home with as little as \$1,000 or less in out-of-pocket expenses, including the downpayment.

MSHA's loans are available from 40 participating lenders throughout Maine. More than 1,000 real estate agents who have received training in the MSHA program (MSHAfirst! agents) are located throughout the state and can help potential borrowers. Persons interested in learning more about the program can talk with MSHAfirst! agents or call the Housing Authority's Homeownership Division at 626-4600 (800-452-4668 toll free).

The Housing Authority ran a series of newspaper and radio advertisements to inform Maine people about the home loans. **The agency's goal is to help 2,000 families buy their first homes in 1998.**

## Eight honored at 1998 Affordable Housing Conference

Maine people and organizations who have improved the quality of life for Maine citizens through improved housing were presented awards at the state's Annual Affordable Housing Conference. Approximately 325 leaders of Maine's housing industry attended the conference.

Gov. Angus King opened the conference with taped remarks focusing on housing, particularly the role of the Maine State Housing Authority and the need for more special needs housing. Special needs housing also was the theme of the keynote speaker, Michael Winerip, a staff writer for the *New York Times* magazine. Winerip has studied and written extensively about housing for persons with special needs.



Michael Winerip



John Baldacci

Maine's Second District Congressional Representative John Baldacci concluded the conference by praising the close working relationship that has developed between MSHA and Maine's Congressional delegation. House Speaker Elizabeth Mitchell was scheduled to appear with Baldacci, but was unable to attend because the Legislature was in session.

Maine State Housing Authority Director David Lakari and Portland attorney Nathan Smith, a MSHA Commissioner, presented awards. Awards were presented to groups serving the five housing need categories (homebuyers; owners with home repair needs; low income renters; people with special needs; and people who are homeless). There also were general housing awards presented.

• *Special Needs: Ingraham, a non-profit organization from Portland that provides housing and other assistance. Executive Director Jane Morrison accepted the award. The Wardwell Home for the Aging in Saco, which provides housing and assisted living services for frail seniors. Wardwell Director Don Sharland, and board members Larry Smith and Eric Cote, accepted the award.*

• *Home Repairs: The York County Community Action Corporation for its outstanding use of MSHA's FIX ME program. The organization repaired 192 homes in 1997, 20% more than any of the other CAP agencies. Executive Director of York County Community Action Corp. Tom Nelson, and board members Larry Smith, Wardwell Home*



- **Affordable Rental:** *Realty Resources Chartered of Rockport, a leader for the past decade in developing affordable rental housing for low and very low income Maine people. Recent projects include developments in Bangor, Lisbon, Camden and Bath. Joe Cloutier, President of Realty Resources, accepted the award.*

- **Homeownership:** *The Bath Housing Authority for correcting environmental problems and restoring nine vacant homes in a Bath neighborhood. The homes, given to the agency by Bath Iron Works, were sold to low income first-time homebuyers. Joanne Troy, Executive Director of the Bath Housing Authority, accepted the award.*

- **Homelessness:** *The Preble Street Resource Center, which provides emergency shelter and services to homeless people in Portland. It helps more than 200 people a year find employment, and provides clients health care and nutrition. Mark Swann, Executive Director, accepted the award.*

- **General:** *Mark Stimson and Mark Stimson Realtors, leaders in Maine's real estate industry. Among other things, it has an affordable housing fund that its brokers contribute to that has generated more than \$100,000 to help combat some of society's worst problems, such as homelessness. Mark Stimson accepted the award.*

- **Jane Roundy,** *of Owls Head, a former MSHA Commissioner and Senior Vice-President of Key Bank of Maine. She made significant contributions to assisting the Maine State Housing Authority grow organizationally, strategically, and financially over the past four years. Ms. Roundy was not present during the awards presentation and will be presented her award at a later time.*

The individuals and organizations recognized during the conference were presented original paintings commissioned by MSHA and done by Maine artist Gail Rowe of Sugarloaf.

People involved in the Maine housing industry nominated candidates for the awards. The MSHA Board of Commissioners selected the award winners from among the many nominations. ■



[left to right] **Tina La Fleur and Margaret Bergeron, York County Community Action Corp., Joanne Troy, Bath Housing Authority, Susan Hughes and Tom Nelson, York County Community Action Corp., Jane Morrison, Ingraham, Joe Cloutier, Realty Resources, Mark Stimson, Mark Stimson Realtors, Rep. John Baldacci, David Lakari, MSHA, Mark Swann, Preble Street Resource Center, Don Sharland, Wardwell Home For the Aging, Larry Smith, Wardwell Home Board Member**

## Housing Authority distributes \$13 million in housing credits

**T**he Maine State Housing Authority selected four housing developments, with 180 affordable rental units, to share \$13 million in federal Low Income Housing Tax Credits. The tax credits are sold to investors. The money raised is used in the developments to subsidize the project's cost, and thereby reduce rents.

"The developments will result in the new construction or rehabilitation of about 230 units overall, of which 180 will be reserved for lower income tenants," said MSHA Director David Lakari.

"We're pleased we could make it possible for these units to be developed," Lakari commented. "I just wish we had more of the tax credit to distribute. There were several other projects that applied for a subsidy, but the amount of tax credits available is limited. If more were available we could create more affordable housing, and provide more of a boost to the Maine economy."

The four projects will generate an estimated 600 jobs and \$15 million in income for the Maine economy. The projects are:

- *82 new family townhouse apartments at the Woodland Commons development in Kittery.*
- *66 new units of elder care housing — 27 of them targeted to low income tenants in South Portland.*
- *39 units of rehabilitated senior rental housing in the Freese building in downtown Bangor.*
- *32 units of new and rehabilitated family housing in three Western Maine communities. The housing includes: 12 units in South Paris, 12 units in Fryeburg, and 8 units in Brownfield.*



**Freese Building, Bangor**

Lakari noted that, while most projects need local approval before moving ahead, all of the developments offer something beyond low income housing. The Bangor development, for example, completes revitalization of a downtown building and a portion of the downtown area. It also will provide assisted living services to residents, if the project is successful in getting an upcoming Request for Proposals from the Department of Human Services.

The Western Maine developments include access for the tenants to the family support program offered by Community Concepts Inc., the developer.

The housing in Kittery includes a day care facility within the property, for which tenants have a priority. The South Portland development will include services for the tenants, in part supplied through Southern Maine Technical College. SMTC and the South Portland Housing Authority are developing the housing.

The federal Low Income Housing Tax Credits distributed by MSHA will provide about \$1.3 million a year in tax credits for 10 years. The Housing Authority is limited by federal regulations to distributing \$1.5 million a year.

"There is a bill before Congress to increase the amount of tax credits states can distribute," Lakari said. "I am pleased that Senators Olympia Snowe and Susan Collins, and Representatives John Baldacci and Tom Allen, are co-sponsors of the legislation. Maine is the second state to achieve 100% support from its delegation for this legislation." (see related article p. 1) ■



## *Director's Column* by David Lakari, Director, MSHA

**W**e're quick to criticize elected officials, but often less quick to praise them when they do a good job.

Those of us associated with housing in Maine have a lot to thank our elected state and federal legislators about this year. From restoration of the state's housing trust fund to support for increasing the ceiling on Private Activities Bonds, our state and federal elected officials have done the state and the cause of affordable housing proud.

I'd like to particularly single out House Speaker Elizabeth Mitchell and Senator John Cleveland for their leadership for each sponsoring legislation to restore the Housing Authority's share of the state housing trust fund (the HOME Fund).

Libby Mitchell, of course, is a former MSHA Director and housing's strongest supporter in the Legislature. Her leadership on affordable housing measures will be missed. We also had strong support from Representatives Elizabeth Townsend and George Kerr, and Senator Phil Harriman. Our partners turned out in force to support MSHA; more than 170 real estate professionals visited the State House on our behalf. Community action agencies and their representative Dick Davies were tireless advocates for us.



Rep. Michael Quint championed the homeless cause with great passion and effectiveness. His support and that of committee chairs Rep. Elizabeth Mitchell and Senator Judy Paradis were keys in gaining the 118th Legislature's overwhelming support for adding \$600,000 in spending for emergency shelters.

I'm also grateful for the vote of confidence given me by the Legislature during my reappointment as Director, and the support given our new Commissioner, William Randall.

Also this year Maine became only the second state in the country to have its entire delegation co-sponsor two critical federal housing measures. These measures would increase the federal ceiling on the amount of tax-exempt housing bonds and low income housing tax credits Maine can issue annually. Both are crucial to increasing the supply of affordable homes and apartments in Maine.

I am very pleased our current representatives in Washington, Senator Olympia Snowe, Senator Susan Collins, Second District Representative John Baldacci and First District Representative Tom Allen, are continuing and building on the tradition of the delegation's strong support of housing. ■

# **MSHA**

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