

1998

## MSHA Partners, 4th 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.

4th Quarter, 1998

# MSHA Partners

A QUARTERLY PUBLICATION OF THE MAINE STATE HOUSING AUTHORITY

## MSHA receives \$1.5 million for housing energy conservation efforts

The federal Department of Health and Human Services has awarded MSHA a \$1.5 million grant to improve the energy efficiency in homes for up to 2,750 Maine families in the next three years.

The Residential Energy Assistance Challenge (REACH) grant will fund a variety of conservation measures, ranging from educating consumers to replacing inefficient appliances. Maine is one of only seven states to receive a REACH grant, and MSHA is the only state housing finance agency to be awarded the grant.

The energy conservation measures will target low income households that receive heating assistance through the Low Income Home Energy Assistance Program (LIHEAP).

Maine's network of Community Action Program (CAP) agencies, who deliver the LIHEAP benefits, also will distribute the REACH grants.

"REACH will significantly reduce the energy consumption for close to 3,000 low income Maine families over the next few years, and save them thousands of dollars in energy costs," said MSHA Director David Lakari. "It will be a tremendous benefit to the families, and benefit the state overall by reducing its energy needs."

REACH grants will finance such things as energy education, energy audits, repair or replacement of appliances, and converting homes from electric heat to less expensive forms of heating.

Consumers receiving help through education, audits, or replacement of appliances should reduce their energy consumption by 15%. For people who replace electric heating systems the savings can mean a 40% reduction in energy costs.

Lakari said REACH will help replace federal funds lost by the continual reduction in the federal Weatherization program, which also helps reduce home energy consumption. Maine's \$1.2 million Weatherization grant is about half the amount of the grant three years ago.

"Weatherization, and now REACH, are very important conservation measures because the savings they generate last many years," Lakari said. "They are not a Band-Aid approach to solving high energy costs." ■



**Adding insulation is one way to improve energy conservation.**

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**The New Lease program financed the repair of this Portland property.**

## MSHA's rental repair program wins national award

**M**SHA's "New Lease" apartment repair program, which financed the purchase and repair of 300 affordable apartments in the past two years, won top honors at the 1998 National Council of State Housing Agencies annual meeting in October.

The New Lease program provides loans at a 4% interest rate to developers for the purchase and repair of small (less than 20 units) apartment properties. Since it began in 1996 the program has provided \$7.5 million in low interest rate loans to repair 25 properties, providing affordable rental housing to nearly 300 lower income families.

Developers using New Lease must rent at least 40 percent of the rehabilitated units to tenants with very low incomes — incomes at or below 40 percent of median income. At least one unit must be rented to a tenant with an income that is 30 percent or less of the median income.

"We're very proud of this creative program," said MSHA Director David Lakari. "New Lease is one of the very few non-federal programs that targets affordable apartments to very low income renters. It also helps fix up dilapidated apartment buildings, which are a major problem in many communities. We are honored that the National Council of State Housing Agencies (NCSHA) selected it for its top honor in the rental repair category this year."

Developers using the New Lease program spend an average of \$6,300 per unit to repair and upgrade the buildings to meet applicable state and federal building and safety codes. New Lease loans average \$27,500 per unit for the combined purchase and rehab cost.

"There is a critical shortage of affordable rental housing for low income people in Maine," Lakari said. "We estimate there are 12,000 renter families needing assistance in the state. New Lease is part of the answer to this pressing housing need, but only a part. We must have continued financial support at the state and federal level to address needed housing problems successfully."

NCSHA is the national organization representing state housing finance agencies in all 50 states. It holds an annual contest to select the 12 best state housing agency rental, homeownership, management, and communications programs in the country.

There were 147 programs entered in the contest. Other state housing finance agencies recognized for outstanding programs during the NCSHA annual conference were Wisconsin, Michigan, Rhode Island, Virginia, California, Massachusetts, Missouri, Minnesota, and Maryland. ■





## *Bill Burney leaves MSHA to take new job with HUD*

Veteran MSHA employee Bill Burney left the agency in October to take a new position with the federal Department of Housing and Urban Development (HUD).

Burney, who started at MSHA in 1981, will be HUD's Community Builder in Maine. Community Builders, a new position at HUD, will be active in all states. They will act as HUD's front door in informing communities, individuals and organizations about all facets of HUD's programs, from availability of funding to enforcement.



**Bill Burney**

Burney began his housing career at MSHA working in several rental repair programs, including the old Moderate Rehabilitation Program and the Rental Rehabilitation Program. Most recently he has held the title of Senior Planner at MSHA. Among other things, he served as a liaison with the Maine Technical Assistance Consortium and headed MSHA's Community Housing Development Organization (CHDO) Program. He also served on Governor Angus King's DIAMOND (Diversity In Appointed Maine Officials – New Directions) advisory committee that is seeking to bring more diversity to the top levels of state government.

During much of his time at MSHA, Burney also served as Mayor of Augusta, a non-partisan elected position. Most recently he has been a member of the Augusta City Council. ■

## **MSHA allocates \$570,000 to community groups for affordable homeownership, rental programs**

**M**SHA allocated more than \$570,000 in October to seven Community Housing Development Organizations (CHDOs) for use in financing affordable homes and apartments for low income Maine people.

The funding will assist up to 57 low income families in purchasing their first home, and will help finance development of up to 16 units serving a variety of housing needs. These needs include domestic violence victims, people who are homeless, children with special needs, and renters needing assistance.

Four of the CHDOs will use their funds as "soft second" mortgages to assist low income families with the downpayment and closing costs associated with buying their first home. These include:

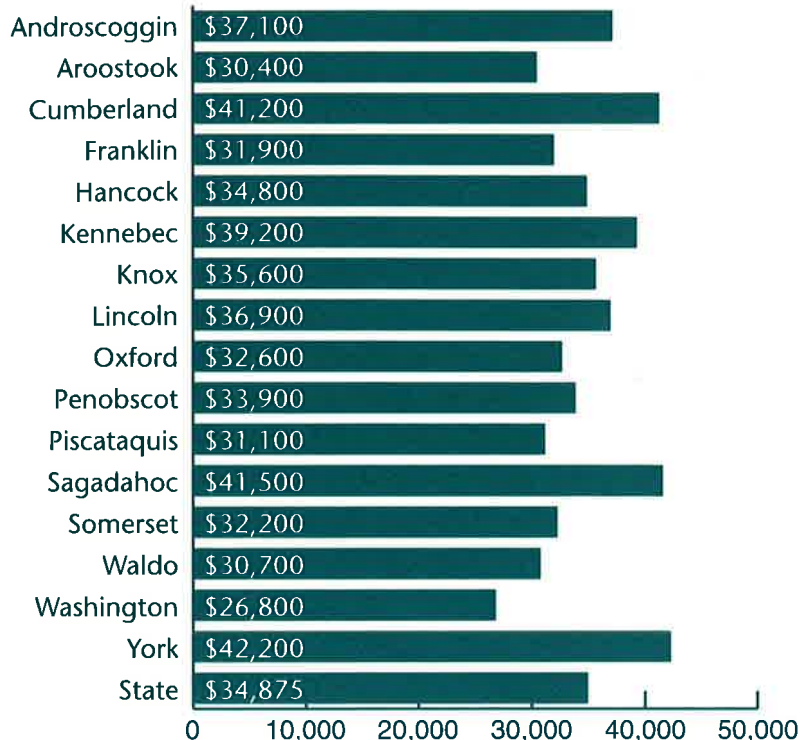
- Coastal Community Action Program, \$70,000, assisting up to 12 families in Knox, Lincoln, and Waldo counties;
- Community Economic Development, \$99,000, assisting up to 20 families in Lincoln, Knox, Cumberland, and Sagadahoc counties;
- Penquis Community Action Program, \$150,000, assisting up to 20 families in the Bangor metropolitan area, and in Penobscot and Piscataquis counties;
- Washington-Hancock Community Action Program, \$50,000, assisting up to 5 families in Hancock county.

Another three CHDO agencies received a total of \$202,000 in grants to develop affordable rental housing. CHDOs receiving this funding and the projects are:

- York County Community Action Program, \$80,000, for development of three scattered sites in York County with a total of 8 apartment units. The sites will provide transitional housing for victims of domestic violence, people who are homeless, and low income families in need of housing.
- Community Housing of Maine, \$62,000, for development of a 4-bed facility in Lisbon providing housing for children with developmental disabilities.
- Portland West Neighborhood Planning Council, \$60,000, for development of four, four-bedroom units in Portland to provide affordable housing for low income families. The project also includes two store fronts that will be used for day care and as a neighborhood policing center.

All of the rental housing developments will be using other funding, mostly from MSHA, as part of the total financing for the acquisition and rehab of the properties. ■

### Median Income By County



### Median Home Prices By County

COUNTY	MEDIAN HOME PRICES 1995
Androscoggin	75,000
Aroostook	45,000
Cumberland	105,000
Franklin	66,000
Hancock	85,000
Kennebec	76,000
Knox	85,000
Lincoln	109,000
Oxford	68,000
Penobscot	69,900
Piscataquis	47,500
Sagadahoc	87,500
Somerset	55,000
Waldo	76,000
Washington	50,000
York	95,000
State	83,500

*These charts show median income and home prices in Maine. MSHA's analysis indicated homes may be slightly less affordable now in some counties because home prices have increased faster than incomes.*



# MSHA provides rental assistance to 200 low income people with disabilities

The Maine State Housing Authority will help an additional 200 low income Maine people who have physical or mental disabilities afford decent, safe housing.

MSHA has secured more than \$5 million in funding from the federal Department of Housing and Urban Development (HUD) to assist low income people with disabilities with their housing needs. The grant is for \$1,094,000 a year for five years.

"Many people with disabilities live on limited incomes and cannot afford decent rental housing at market rates," said MSHA Director David Lakari. "This new assistance will enable at least 200 low income people with disabilities to find decent housing. While the need for this housing is far greater than these 200 units, this will help a number of people over the next five years."

The HUD grant is in the form of housing certificates and vouchers. Persons with disabilities who receive a certificate or voucher will pay 30% of their income for an apartment. The certificate or voucher pays the difference between the tenant payment and the actual rent.

Voucher and certificate recipients find the apartments on the open market in existing properties, so long as the properties meet health and safety guidelines, are within the federal rent limits, and in which the property owner agrees to participate in the program.

MSHA estimates there are 40,000 to 50,000 people in Maine with mental or physical disabilities and incomes low enough to need housing assistance.

Lakari noted that MSHA's new rental assistance will be targeted to areas outside larger Maine communities that have their own local housing authorities. The certificates and vouchers also are targeted to the areas. The larger cities have shown the most need for assisted housing for persons with disabilities.

MSHA's plan calls the new assistance to be distributed among 13 counties. The amount of certificates/vouchers for those counties are:

Kennebec, York, Somerset . . .	24 units each
Aroostook, Franklin, Oxford . . .	20 units each
Knox . . . . .	16 units
Cumberland . . . . .	14 units
Penobscot . . . . .	10 units
Lincoln, Piscataquis . . . . .	8 units each
Waldo, Washington . . . . .	6 units each



**This new assistance  
will enable at least 200  
low income people  
with disabilities to find  
decent housing.**



## Awards

Over the past several years MSHA has achieved remarkable success in winning national awards and in securing additional federal grants for more affordable housing in Maine. This year is no exception.

The last newsletter noted how we were selected as a finalist for the Ford Foundation's Innovation program, which awards the best government programs in the country. Unfortunately, we learned in October we were not one of the top 10 in the country (you can't win 'em all), but being selected as one of 25 finalists from 1,500 initial entries is very exciting. In addition, our selection as a finalist earned us \$20,000 to help spread the word about our successful FIX ME home repair program throughout Maine and to other states.

Ironically, at about the same time we learned we didn't "win" the Innovations top award we learned that our New Lease program won a national award for being the best rental repair program in the country offered by any state housing finance agency. We also learned we will receive a \$1.5 million federal grant for additional weatherization efforts – one of only seven states select-



ed for the grant, and the only state housing finance agency selected.

Often the most rewarding part of an award is the work that goes into preparing for it. That certainly is true for another major award we are seeking – the designation as a Level III agency by the Margaret Chase Smith Maine State Quality Award program.

Over the past two years we were the only state level agency selected as a recipient of the Level I and Level II quality designations. Level III is a quantum step up from those designations. It signifies excellence in programs and management. There are a handful of public and private organizations in Maine selected for Level III. This year we are the only organization that even applied for it.

The Level III award is one where I can truly say we "won," whether we actually receive the designation or not. Applying for this level of excellence made us re-examine all of our programs and processes. Everyone at MSHA became involved in the quality effort. For those reasons alone, we have already "won." ■

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MAINE STATE HOUSING AUTHORITY  
353 Water Street  
Augusta, Maine 04330-4633

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