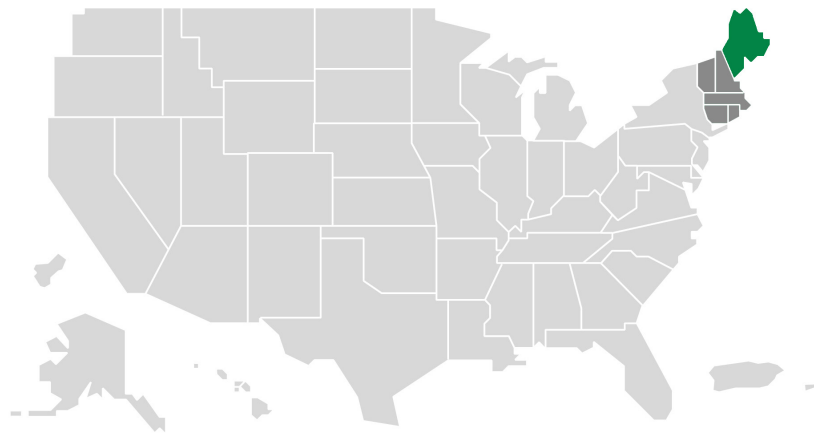


ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



 **FHLBank Boston**

MAINE
STATE REPORT

MAINE STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Maine is in the Boston district. This report details the economic impact of housing within Maine that has been enhanced by AHP funding from 1990 through 2016.*

* Note: some projects within Maine may have received AHP funding from a Federal Home Loan Bank other than FHLBank Boston. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report

MAINE Rental, Home Construction and Rehabilitation Activities

Economic Basis



\$48.16 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$59.26 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$401.06 MILLION

DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

\$506.97 MILLION

DEVELOPMENT COST INFLATION-ADJUSTED

 **153**

PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **3,333**

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

MAINE Home Purchase Activities

Economic Basis



\$7.14 MILLION

TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

\$9.26 MILLION

TOTAL AHP SUBSIDY INFLATION-ADJUSTED



\$30.19 MILLION

FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

\$35.42 MILLION

FIRST MORTGAGES INFLATION-ADJUSTED

 **815**

TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

Inflation-Adjusted refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

MAINE Rental, Home Construction and Rehabilitation Activities

Economic Impact



\$989.50 MILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



8,057 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



\$354.10 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

1.95

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

\$38.80 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

MAINE Home Purchase Activities

Economic Impact



\$200.97 MILLION

TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



1,366 JOBS

JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



\$42.89 MILLION

LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

1.95

MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

\$10.19 MILLION

TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

Supporting Tribal Housing in Maine



Maliseet Riverside Village

When it became increasingly apparent to the Houlton Band of Maliseet Indians Tribal Housing Authority that much of the affordable rental housing on the Maliseet reservation would soon need major renovations, the housing authority concluded that the Low-Income-Housing Tax Credit program would be the tribe's best source of funding to renovate as many homes as possible.

After successfully applying for tax credits, the housing authority realized it needed more funding to make the project feasible

With assistance from Bangor Savings Bank, the tribe submitted an Affordable Housing Program (AHP) application with the FHLBank Boston, and in 2012 the Maliseet Riverside Village initiative was awarded a \$250,000 grant to help renovate 28 of 50 homes built with U.S. Department of Housing and Urban Development funding in 1992.

Since 2000, 32 additional rental units have been built on the reservation. The homes designated for renovation needed new roofs, windows, doors and heating systems, among other things.

Before the 50 units of rental housing were built in 1992, the Houlton Band of Maliseets did not have reservation housing. Recognized as a tribe by the U.S. government in 1980, the Houlton Band of Maliseets has about 1,400 members—a high percentage of whom live in Houlton and surrounding communities. About 250 people live on the reservation.

James Smith* lives at Maliseet Riverside Village with his wife and two children. "My wife is Maliseet and her father was living out here before he passed away," says Smith, who has lived on the reservation with his family for more than 11 years. "My wife grew up out here and knew it was a nice place to live. They redid the kitchen, the bathroom, the floors," he says. "They patched up the sheetrock and refurbished the walls. There are new trim, new doors and windows and a new energy-efficient boiler system. I'm really happy with what they've done. I live about five minutes from work, so it's very convenient," adds Smith, who works as a heating technician nearby. "It's a very nice community to live in."

In addition to the Maliseet project, the AHP has provided funding for tribal initiatives on the Pleasant Point Passamaquoddy Reservation in Perry, Maine—the Kikunol initiative, which built 22 rental housing units (nine with AHP funding) and the Cuspes Park initiative, which built 28 single-family rental homes.

*Name has been changed

**Maliseet Riverside Village
Houlton, Maine**

MAINE

Project Profile: Home Purchase Activity



Brunswick, Maine

This project involved the construction of two single-family homes for low-income families in Brunswick, Maine. One home targeted a family earning up to 80 percent of the area median income. The other home targeted a family earning up to 60 percent of area median income. Both families benefited from first-time-homebuyer counseling, financial planning and sweat equity. The services helped prepare the families for homeownership. Additionally, the families had the opportunity to develop leadership skills through participation in the homeowners’ association and a potential leadership role on the association’s board. The homes were built with many energy-saving features, including high-efficiency boilers, large R-value insulation, low-E argon windows, water-conserving features and Energy Star–rated appliances and light fixtures. Bath Savings Institution provided a construction line of credit to the project and permanent mortgage to one of the homebuyers. The other permanent loan was made through USDA Rural Development mortgages and sponsor equity.

SOURCES

USDA Rural Development Mortgage	\$	156,500
Habitat for Humanity Second Mortgage	\$	112,794
Bath Savings Institution, 1st Mortgage Loan	\$	112,000
FHLBank Boston AHP Direct Subsidy	\$	55,000
Total Sources	\$	436,294

New Homes for Low-Income Families in Maine



Clover Place

When Clover Place received \$72,000 in funding through the Federal Home Loan Bank of Boston's Affordable Housing Program (AHP) in 2008, the town of Brunswick in Maine had a shortage of affordable housing. Military families and employees of the Naval Air Station and students from Bowdoin College put a strain on the available inventory.

Bath Savings Institution and the Brunswick Housing Authority, which have collaborated on several affordable housing developments, partnered to alleviate the shortage. They worked to make Clover Place—a four-unit subdivision for low- and very-low-income homeowners—a reality.

During the course of developing Clover Place, the market changed. The Naval Air Station began to downsize as it prepared to close in 2011, and families who worked on or near the base began leaving the area, freeing up both single-family homes and rental units at the same time the economy began its downturn.

In response to these changes, John Hodge, the housing authority's executive director, and Marty Szydowski, the director of finance and housing development, did what they do best: they found a way to create desirable, energy-efficient, single-family homes at a price that was affordable to low- and moderate-income buyers.

They marketed the homes, found eligible household, and helped them obtain one percent loans through a special loan program. Sales prices for the homes ranged from \$155,000 to \$173,000, yet each buyer was able to customize a floor plan, choose features that met his or her needs and maintain front-end ratio below 30 percent.

Bath Savings provided a \$250,000 line of credit that enabled the sponsor—the development arm of Brunswick Housing Authority—to build. Despite the economic crisis and challenging lending environment, three of the four affordable three-bedroom homes in this subdivision were placed under agreement, constructed and conveyed to buyers by June 2010. The fourth and final home was completed and conveyed in June 2013.

The Brunswick Housing Authority has been a leader in the affordable rental and ownership markets. From Hodge's perspective, it is the housing authority's responsibility to "meet the wide variety of affordable housing needs within the community and create affordable and desirable places where people want to live."

Bath Savings and Brunswick Housing Authority have a partnership that began in 1997, when Hodge first arrived at the housing authority. Hodge sent out an RFP for banking services seeking a financial institution that would get to know him and his organization, work with him as he grew the housing authority's portfolio and make decisions on a local level. The result of that RFP has been a community banking relationship and friendship that has grown over the years.

**Clover Place
Brunswick, Maine**

MAINE

Project Profile: Rental Activity



29 Young Street

The initiative represents the result of a collaborative process orchestrated by the town of South Berwick in Maine to utilize a key parcel adjacent to Main Street to develop the site into 28 affordable housing units for low-income seniors. This parcel is adjacent to the town’s library, an elementary school, Main Street shops and a vibrant residential neighborhood in the downtown area. Residents benefit from self-sufficiency services that enhance economic independence, allowing residents to age in place for as long as safely possible. Residents also have access to onsite health care services and nutritional food preparation services that support healthy aging. The project supports Smart Growth practices, as it is located in a downtown area near many services. The construction design incorporated sustainable building practices such as storm-water management and roofing that minimizes heat island affects. The project also has many energy-efficient components such as water-conserving features, high-efficiency heat pumps and boilers and Energy Star appliances and lighting fixtures. Bangor Savings Bank provided construction financing and permanent financing through an Affordable Housing Program subsidized advance. Other funding includes Low-Income-Housing Tax Credits.

SOURCES

Low-Income-Housing Tax Credits	\$	1,618,767
MaineHousing Subsidy	\$	1,295,800
Neighborworks Capital	\$	880,000
Bangor Savings AHP Subsidized Advance	\$	856,000
Loaned Developer Fee	\$	510,984
FHLBank Boston AHP Direct Subsidy	\$	500,000
MaineHousing Interest-Only Mortgage	\$	430,000
GP Capital Contribution	\$	100
Total Sources	\$	6,091,651