

November 17, 2020 Board Meeting

Agenda	1
Minutes of October 20, 2020 Meeting	2
2021 DOE Board Memo - Intent to Proceed Memo	5
2021 DOE State Plan - Master File	7
Preliminary 2021 Budget	24
Asset Management	37
Communications and Planning	38
Development	40
Energy and Housing Services	42
Finance Monthly Report	44
Financial & Budget Report	46
Finance Delinquency Report & Charts	55
Homeless Initiatives	67
Homeownership	69
Housing Choice Voucher	72
Information Technology	75
2020 Calendar	76

Board of Commissioners Meeting – November 17, 2020 9:00 A.M. – 11:00 A.M.

MEMBERS OF THE BOARD: Lincoln Merrill, Jr. (Chair), Donna Talarico (Secretary), Thomas Davis, Daniel Brennan, Laurence Gross, Henry Beck, Bonita Usher (Vice Chair), Kevin P. Joseph, Laura Buxbaum

9:00	Adopt Agenda (VOTE)	Lincoln Merrill
	Approve minutes of October 20, 2020 meeting (VOTE)	All
	Communications and Conflicts	All
	Chair of the Board Updates	Lincoln Merrill
	Director Updates	Dan Brennan
9:30	HCV Annual Plan Public Hearing	Linda Uhl/Allison Gallagher
9:45	2021 DOE Weatherization State Plan Intent to Proceed	Kyme Ferenc
10:15	Review Preliminary 2021 Budget	Darren Brown

Department Reports:

Asset Management
Communications and Planning
Development
Energy and Housing Services
Finance Monthly Report
Financial & Budget Report
Finance Delinquency Report & Charts
Homeless Initiatives
Homeownership
Housing Choice Voucher
Information Technology

All

Adjourn (VOTE)

All

*The next meeting of the Board is scheduled December 15, 2020
via teleconference*



Minutes of the Board of Commissioners Meeting October 20, 2020

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on October 20, 2020 virtually and at the offices of MaineHousing, 26 Edison Drive, Augusta, Maine. Notice of the meeting was published on October 9, 2020 in Central Maine newspapers.

Chair Lincoln Merrill called the meeting to order at 9:00 a.m. Director Dan Brennan and Commissioners Bonita Usher, Donna Talarico, Larry Gross, Laura Buxbaum, Tom Davis and State Treasurer Henry Beck all attended via video conference because of COVID-19. Commissioner Keven Joseph was absent. There was a quorum present.

PUBLIC ATTENDANCE

Peter Merrill, Deputy Director; Linda Uhl, Chief Counsel; Karen Lawlor, Executive Administrator; Linda Grotton, Director of Audit and Compliance; Daniel Drost, Director of Energy and Housing Services; Craig Reynolds, Director of Homeownership; Cara Courchesne, Communications Coordinator; Denise Lord, Senior Director of Communications and Planning; Clyde Barr, Policy Analyst; Steven McDermott, Strategic Planning and Outreach Coordinator; Troy Fuller, Manager of HEAP; Brenda Sylvester, Community Housing of Maine, Inc.; and Gerrylynn Ricker, Paralegal and note taker.

ADOPT AGENDA

Commissioner Gross made a motion seconded by Commissioner Davis to adopt the October 20, 2020 agenda. The vote carried unanimously.

APPROVE MINUTES OF SEPTEMBER 15, 2020 MEETING

Commissioner Buxbaum made a motion seconded by Commissioner Gross to accept the September 15, 2020 minutes as written. The vote carried unanimously.

COMMUNICATIONS AND CONFLICTS

Commissioner Gross reported that there was an Audit Committee meeting. He would like to include the minutes from those meetings in the Board packets. Linda Grotton, Director of Audit and Compliance said she will include Audit Committee minutes in the Board packets from now on. Commissioner Buxbaum reported that CEI is still working on the disposition of six properties. Chair Merrill reported he has had conversations with Director Brennan regarding Plant Home in Bath as well as their Board Chair. Chair Merrill also received an anonymous telephone inquiry on how to report potential fraud.

CHAIR OF THE BOARD UPDATES

None

DIRECTOR UPDATES

Director Brennan reported his activities and upcoming matters as follows:

- Work is well underway to enhance our dashboards. Several of the Board reports are already incorporating charts and metrics. The vision is to have the MaineHousing website be the primary place where anyone including Board members, the public, and the staff can go to see where we are at with all the various programs.

- Finances have stabilized through August. Treasurer Tom Cary continues to call in higher rate bonds, helping our profitability and our liquidity.
- Another area we are working on is enhancing our feedback with our partners.
- Since we last met, we had asked the Governor's office for another \$10 million of Rent Relief funds. We received that in mid-September along with the message that there will be no more. We have until the end of the year to spend the money. We are in a re-evaluating process right now to determine how long we can keep taking applications and continue the program.
- We remain very busy with homelessness throughout the state. Our staff continues to work with the Statewide Homeless Council as well as the consultant we brought in to work on the delivery of homeless services. Working with DHHS and the City of Portland on Preble Street Resource Center's conversion to a 40 bed homeless shelter. Should the Portland Planning Board approve the plan, we do have funding available to assist them using our COVID Emergency Solutions Grant money.
- Also working closely with the cities of Portland, Lewiston and Bangor utilizing hotel rooms through the winter months using COVID funds that we have received.
- Earlier this month spoke with PBS Newshour. They were focusing on the pandemic in Maine from both the business side and the social service side. It was a great opportunity to highlight for the national audience what Maine is doing in these areas. Commissioner Gross stated Dan did a good job in this interview.
- We are continuing to meet with all departments regarding the all staff survey. Working with the managers on a virtual all staff day; we held a parent forum zoom meeting for parents dealing with closed day cares and schools; and working to find ways to stay connected and find efficiencies.
- Continuing to work with the Energy Recovery Committee. Clyde Barr our Policy Analyst will update you on the work we are doing with the Climate Council.
- There has been a lot of interaction between our office, the Governor's office and DHHS regarding homelessness, dealing with COVID. Our agency is viewed by those organizations as adding value; they look to us for our resources, our expertise, and our opinions.
- In our Development Department, 15 applications for the 9% program have been received and we received seven pre-applications for the Housing Trust Fund.
- Later this month several staff will be attending the virtual NCSHA conference.
- Attending the ribbon cutting ceremony for the Stephen B. Mooers Village project which is a 39-unit residential rental project for seniors named after Stephen B. Mooers, the former Executive Director of Penquis CAP for thirty-five years who passed a few years ago from cancer.

ENERGY AND HOUSING SERVICES UPDATE

Director of Energy and Housing Services (EHS) Daniel Drost presented a slideshow highlighting the various EHS programs. Daniel began with the Home Energy Assistance Program (HEAP). The numbers for program year 2020, which ended September 30, 2020, showed funding in the amount of \$38,873,892; the average benefit was \$781 with 40,197 households served. Program year 2021 (September 1, 2020 to date) his department has received 14,132 applications so far. Daniel also reviewed the Energy Crisis Intervention Program; HEAP – Assurance 16; Central Heating Improvement Program; the TANF Supplemental Program; the Heat Pump Initiative; the Home Accessibility and Repair Program; HEAP Weatherization; DOE Weatherization; Lead Abatement: Federal Program; Lead Abatement: State Funding Program; Arsenic Abatement Program; and the AccessAble Home Accessibility Tax Credit Program. Daniel also reviewed the challenges his department has faced as well as the successes and additional initiatives that have resulted because of COVID-19. A copy of his slideshow presentation is available upon request.

RECOVERY RESIDENCES

Senior Director of Communications and Planning Denise Lord spoke to the Board about the opioid epidemic and what we are doing to assist people in recovery. She introduced Steven McDermott, MaineHousing's Strategic Planning and Outreach Coordinator. Steven gave a brief overview of the Recovery Residence Pilot Program which is the result of legislation signed by Governor Mills in July, 2019. MaineHousing met with representatives from the Office of Behavioral Health within DHHS and the Maine Association of Recovery Residences to identify the best way to provide support to existing recovery residences. The program overview shows the following:

Currently Participating: 14
Beds Supported: 115
Additional Programs expected to join by 12/31/20: 2
Additional Beds: 13
Additional Programs expected to join in 2021: 1
Additional Beds: 10
2020 Subsidy Anticipated to be provided:
\$603,179.14
2021 Subsidy Anticipated to be provided
\$813,198.52

Steven went on to explain how this is an epidemic within a pandemic and the struggles with trying to treat people in recovery and adhere to the pandemic guidelines is troublesome. Steven presented some testimonials from participants in the program.

CLIMATE COUNCIL UPDATE

Director Brennan explained that in June, 2019, Governor Mills put together the Maine Climate Council consisting of over forty individuals including Dan. Since June, 2019 through the winter months and into the spring of 2020, several working groups were formed, one being the building infrastructure and housing working group. Dan then introduced Clyde Barr our Policy Analyst who gave a presentation on recommendations and MaineHousing's action plan. He reviewed the Climate Council's recommendations that could affect MaineHousing: (1) Improve the design and construction of new buildings; (2) transition to cleaner heating and cooling systems; (3) improve the efficiency and resiliency of existing building envelopes; (4) lead-by-example in publicly-funding buildings; (5) accelerate the decarbonization of industrial processes; and (6) modernize and optimize the electric grid. Clyde also reviewed the suggested action items that the building, infrastructure and housing working group recommends. He also reviewed what MaineHousing's next steps should be: Develop and submit a formal response to the Council; establish an ad hoc subcommittee of the innovations team; and draft a more robust climate change strategic plan to meet the goals and requirements of the Council.

ADJOURN

Commissioner Talarico made a motion seconded by Commissioner Buxbaum to adjourn the meeting. The meeting was adjourned at 10:55 a.m. by unanimous vote of the Board.

Respectfully submitted,

Donna Talarico, Secretary

Energy & Housing Services Department Memorandum

To: Maine State Housing Authority Board of Commissioners
From: Kim Ferenc, Manager of Housing and Compliance
Date: November 17, 2020
Subject: Intent to Proceed with 2021 Maine DOE WAP Application and State Plan

State Plan

As part of the annual application process, MaineHousing must submit to the Department of Energy (DOE) a State Plan application detailing how we will utilize the funds and conduct our weatherization program in accordance with DOE guidance. DOE has asked states to complete their applications using the same funding that was granted in 2020. MaineHousing's 2020 DOE allocation was \$3,929,166 and will be the same for this application. DOE also announced they will allow any remaining 2020 funds to be carried over to the 2021 program. We anticipate carrying over approximately \$1,428,700 from the 2020 grant for a total of \$5,357,870 available. MaineHousing anticipates allocating approximately \$4,768,417 of the total to the CAA's, retaining the balance for our administrative and training/technical assistance costs. There are several parts to the grant application:

- Budget Summary – details how the grant funds will be spent by the grantee (MaineHousing – MH) and the sub-grantees (the Community Action Agencies – CAA's).
- Annual File – describes changes to the program from the previous year's application.
- Master File – a detailed plan of Maine's Weatherization Assistance Program (WAP) with descriptions of how Maine will meet the guidelines/requirements of the Department of Energy. This includes, but is not limited to: MH and CAA weatherization staff responsibilities, client eligibility, monitoring activities; audit procedures and tools; MH policies; and how MH and CAA's will adhere to DOE Health and Safety requirements.

For program year 2021 (04/01/2021 through 03/31/2021), MaineHousing will continue to administer, partnering with our subgrantees, a quality weatherization program designed to make energy improvements to Maine's aging housing stock. These improvements assist households in reducing the overall energy consumption and costs of heating their homes. Priority households are HEAP eligible households with a high energy burden that include a household member who is elderly, a person with disabilities, or a child under 6 years old.

Normally, DOE announces its WAP annually. Through formal notices, DOE notifies states of funding levels and specific program guidance as to how Grantees will conduct their weatherization efforts. DOE's weatherization program is administered through a subgrantee system utilizing Maine Community Action Agencies.

Attached for your reference is the draft 2021 DOE Master File. As noted above, there are no major program changes planned for 2021, however the minor updates are highlighted below:

1. Pursuant to WAP Memorandum 069, Maine is to use PY 2020 DOE funding levels for planning purposes until DOE releases PY 2021 guidance.
2. Removed language not being asked by DOE; meaning the outdated language carried over from year-to-year has been removed.
3. Added clarifying language regarding desk reviews, unit inspection and on-site subgrantee monitoring visits.

Rule

MaineHousing will not be making any changes to the current Rule, Chapter 25.

Public Hearing

A public hearing, allowing interested parties an opportunity to comment on the State Plan will be held on Tuesday, December 15, 2020 at 9:30am.

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM
STATE PLAN MASTER FILE

(Grant Number: _____, State: ME, Program Year: 2021)

V.1	Eligibility.....	2
	V.1.1 Approach to Determining Client Eligibility	2
	1. Provide a description of the definition of income used to determine eligibility	2
	2. Describe what household eligibility basis will be used in the Program.....	2
	3. Describe the process for ensuring qualified aliens are eligible for weatherization benefits ...	2
	V.1.2 Approach to Determining Building Eligibility	2
	1. Procedure to determine that units weatherized have eligibility documentation.....	2
	2. Describe re-weatherization compliance.....	3
	3. Describe what structures are eligible for weatherization	3
	4. Describe how rental units/multifamily buildings will be addressed	3
	5. Describe the deferral process.....	4
	V.1.3 Definition of Children	4
	V.1.4 Approach to Tribal Organizations	4
V.2	Selection of Areas to Be Served	4
V.3	Priorities	5
V.4	Climatic Conditions	5
V.5	Type of Weatherization Work to Be Done.....	5
	V.5.1 Technical Guides and Materials.....	5
	V.5.2 Energy Audit Procedures	6
	V.5.3 Final Inspection	8
V.6	Weatherization Analysis of Effectiveness	8
V.7	Health and Safety.....	9
V.8	Program Management	12
	V.8.1 Overview and Organization.....	12
	V.8.2 Administrative Expenditure Limits.....	13
	V.8.3 Monitoring Activities	13
	V.8.4 Training and Technical Assistance Approach and Activities	16
V.9	Energy Crisis and Disaster Plan	17

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

1. ***Provide a description of the definition of income used to determine eligibility***

Definition of Low Income. Grantee has chosen to use the definition of household income, as described in the Home Energy Assistance Program Rule. Incomes calculated using this definition are adjusted as needed to align with WPN 21-1 PY 2021 *Poverty Income Guidelines and Definition of Income*¹, and any related DOE guidance thereafter, to determine household energy burden and eligibility.

Income Verification. Subgrantees obtain required income documentation and verify income eligibility as part of the intake process to certify households eligible to receive fuel assistance benefits from the Department of Health and Human Services' Low-Income Home Energy Assistance Program (HEAP). Only those households whose income has been verified within the previous 12 months to be at or below 200 percent poverty level are considered for weatherization services. Subgrantees will re-verify income eligibility prior to commencing an energy audit for households whose application eligibility certification has expired.

2. ***Describe what household eligibility basis will be used in the Program***

Grantee has chosen the following definition of low income for the basis of eligibility for the Weatherization Assistance Program (WAP): Low income means that income in relation to household/family size is at or below 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.

3. ***Describe the process for ensuring qualified aliens are eligible for weatherization benefits***

A household may include:

- a. An alien who has obtained the status of an alien lawfully admitted for temporary residence under Section 210 of the Immigration and Nationality Act by approval of an application and are categorized as Special Agricultural Workers (SAWS) who perform seasonal agricultural work during a specified period of time; or
- b. An alien who has obtained the status of an alien lawfully admitted for temporary residence under Section 245A and 210A of the Immigration and Nationality Act by approval of an application and who is aged, blind and/or disabled as defined in Section 1414 (a)(1) of the Social Security Act (Public Law 74271); or
- (c) Cuban or Haitian aliens as defined in Public Law 96422, Section 501(e).

Households are considered eligible if alien members have a "Green Card" or show permanent residence (I-551 Alien Registration Card, Passport, I-688 Employment Authorization Card, I-766 Employment Authorization Document, I-94 with R-1 or R-2 status designation).

V.1.2 Approach to Determining Building Eligibility

1. ***Procedure to determine that units weatherized have eligibility documentation***

Eligible Dwellings: Household members must meet one of the following eligibility criteria to be considered for weatherization services and to assure compliance with the requirements of 10 CFR 440.22:

- a. A dwelling unit shall be eligible for weatherization assistance if it is occupied by a household that meets the eligibility for assistance under the Low Income Home Energy Assistance Act of 1981 as determined in accordance with criteria established by the Director of the Office of Management and Budget; or
- b. Prior to weatherizing entire rental dwellings of 2-4 units, a specific eligibility test will be applied. Not less than 66 percent (or 50 percent in the case of rental dwellings of two (2) or four (4) dwelling units), must be eligible or must become eligible dwelling units within 180 days under a federal, state or local program for rehabilitating the building or making similar improvements to the building.

Eligibility Documentation. Subgrantee files and records contain authorized HEAP applications with verified income documentation, as well as *Consent Form*, *Proof of Ownership* and *Landlord/Tenant Agreement* (if applicable). All documents are available for review by state or federal staff as needed.

¹ The final version of WPN 21-1, PY 2021 is expected to be released by DOE on November 30, 2020.

Undue or Excessive Enhancements. Grantee conducts desk reviews on weatherization jobs to confirm that no undue or excessive enhancements occurred to the value of the dwelling unit. If costs are questionable, an "Open Item Report" is issued to the Subgrantee. Dialog and documentation determines whether the cost is allowable. If not, it is removed from the DOE billing and the Grantee uses non-WAP funding.

2. Describe re-weatherization compliance

Grantee allows units weatherized prior to September 30, 1994 to receive further financial assistance for weatherization under DOE funds. Grantee requires that these units be reported separately. Each dwelling unit served must receive a completely new energy audit that takes into account any previous energy conservation improvements to the dwelling. Subgrantees are allowed to count these homes as completions for the purposes of compliance with the per-home expenditure limit in 10 CFR 440.18

The Maine State Housing Authority (Grantee) maintains available data of previously weatherized homes and assists Community Action Agencies (Subgrantee) in determining compliance with the re-weatherization requirements. For weatherization jobs completed 1994-1997 Grantee and Subgrantee rely primarily on records maintained by the Subgrantee. Weatherization jobs completed between 1998-2008 are tracked in Grantee's Central Heating Improvement Program and Weatherization Jobs SIR database. Weatherization jobs completed 2009-September 2016 are tracked in Grantee's ECOS database. Weatherization jobs completed October 2016 to present are tracked in Hancock Software's web-based energy audit software system referred to as HEAT Enterprise (HEAT Enterprise).

3. Describe what structures are eligible for weatherization

Grantee defines an eligible structure as a dwelling unit, including a stationary manufactured home, stick built house, and buildings with up to four rental units. An eligible dwelling does not include a camper, or other structures designed and constructed to provide temporary living quarters.

Maine WAP includes the following components:

- a. An individual audit for each dwelling unit;
- b. Energy savings calculations based on the American Society of Heating and Refrigerating and Air Conditioning Engineers (ASHRAE) fundamentals; and
- c. A comprehensive health and safety protocol. Prior to initiating any weatherization activities, Subgrantees are required to evaluate the physical condition of the home, the mechanical systems, and building tightness.

If the structure fails to meet minimum standards as to Structural Integrity and Health & Safety, weatherization must be deferred until the issue is resolved. See V.1.2.5 Deferral Process and V.5.2 Energy Audit Procedures.

Grantee complies with its State Historic Preservation Office (SHPO) Programmatic Agreement (PA) to satisfy DOE's Section 106 requirement for all structures eligible for weatherization.

4. Describe how rental units/multifamily buildings will be addressed

Grantee does not intend to weatherize multi-family properties of five (5) and more units and/or more than three (3) stories.

Eligible Dwelling Units. Grantee intends to weatherize rental dwellings containing 1-4 units occupied by income eligible (low-income) tenant(s), providing a direct benefit to the low-income tenant(s). Rental unit properties include structures with four (4) or less units, and three (3) stories or less. In the event of 2-4 unit buildings, one of the units may be occupied by the owner. Grantee, consistent with Department of Energy guidance, requires the weatherization of the entire building not just the low-income units.

Prioritization. 2-4 rental unit buildings will be prioritized similar to single unit buildings: tenants with the highest energy use and highest energy burden (as a percentage of income) will receive priority. DOE funding is used to weatherize 2-4 unit buildings provided at least 66 percent of residents in a three (3) unit property and 50 percent in a two (2) or four (4) unit property (determined on a building-by-building basis in a multi-building property) meet WAP income guidelines.

Written Permission. Prior to conducting the energy audit, the Subgrantee must verify the ownership of the unit/building and secure landlord's/owner's and tenant's consent, in writing, to proceed with weatherization measures. In addition, the landlord and tenant are required to sign a Weatherization Rental Agreement before the Subgrantee can proceed with weatherization. The provisions of this Agreement include:

- a. *Rent Increases*: Secure landlord's/owner's and tenant's signature on a *Weatherization Rental Agreement* that prohibits an increase for twelve (12) months because of any increase in the value of the property due solely to the weatherization work.
- b. *Sale of Property*: If the property is sold within one (1) year of the completion of weatherization work, the owner may be required to reimburse the Grantee for the cost of the weatherization material installed.

Tenant Complaints. Customer survey cards, client phone calls, and client comments during site monitoring are tracked by Grantee. Grantee technicians, program and management staff engage with clients and Subgrantees as needed to address issues. Closure is documented in applicable Grantee databases.

5. Describe the deferral process

Some dwelling conditions or client circumstances may require deferral of weatherization until the issues are resolved. Documentation of all activities in the client's file is required. "Deferral" does not necessarily mean that the home will not receive weatherization services, but that until the conditions are rectified, the weatherization services are temporarily postponed.

Deferral of Services Policy. See Grantee's Weatherization Assistance Program Guidance, Section 6(I) for Grantee's *Deferral of Weatherization Services Policy*, which provides the guidelines for Subgrantees when a building should be deferred because the building is not a good candidate for weatherization.

Deferral Tracking. All deferred jobs, including the reason for deferral, are entered and track in Heat Enterprise.

Deferral Notification: Subgrantee provides a written *Notice of Deferral* to each deferred client with the reason for deferral. A copy of the *Notice of Deferral* is retained with the weatherization job in Heat Enterprise.

V.1.3 Definition of Children

Definition of children: younger than six (6) years of age.

V.1.4 Approach to Tribal Organizations

Grantee has five federally recognized Indian Tribes and each of them participate in the HEAP fuel assistance, as well as HEAP and DOE weatherization programs (WAP): Penobscot Indian Nation; Houlton Band of Maliseets; Aroostook Band of Mic Macs; Passamaquoddy Tribe, Pleasant Point; and Passamaquoddy Tribe, Indian Township. Grantee and the Indian Tribes maintain annual Memorandums of Understanding that outline the disbursement terms of WAP funds for these Tribal Entities.

The low-income members of an Indian tribe shall receive benefits equivalent to the assistance provided to other low-income persons within Maine. Grantee allocates funds to five (5) tribal organizations based upon the number of eligible HEAP clients. This has resulted in three percent of Grantee's DOE grant award being allocated to the five (5) tribes. Actual administration of the weatherization programs within tribal organizations' land is provided by Subgrantees that service areas include Counties in which Indian Tribes are located.

Process: Tribal organizations process HEAP fuel assistance applications for tribal members and verify eligibility for benefits. Subgrantees contact the local tribal organizations to obtain eligible HEAP fuel assistance applications, as well as contact information for tribal members that are at 200% or below poverty guidelines that do not meet HEAP fuel assistance income eligibility or who have not applied for fuel assistance. Upon receipt of the applications/information, audits and weatherization jobs will be scheduled.

V.2 Selection of Areas to Be Served

Selection Method. In the case of areas currently served by a Subgrantee established under Section 222(a)(12) of the Economic Opportunity Act of 1964, as amended, funds available under this program will be granted to that Subgrantee for the same geographic area. Any new or additional Subgrantees shall be selected at a hearing in accordance with 10 CFR Section 440.14(a), as amended, and upon the basis of the criteria set forth in 10 CFR 440.15(a), as amended.

Grantee's WAP serves all counties statewide through nine (9) Subgrantees. Each Subgrantee is, in fact, a Community Action Agency or other public or non-profit entity.

The Grantee ensures that each Subgrantee is selected on the basis of public comment received during a public hearing conducted pursuant to 440.14(a) and other appropriate findings regarding:

- a. The Subgrantee's experience and performance in weatherization or housing renovation activities;
- b. The Subgrantee's experience in assisting low-income persons in the area to be served; and

- c. The Subgrantee's capacity to undertake a timely and effective weatherization program.

In selecting a Subgrantee, preference is given to any Community Action Agency or other public or non-profit entity which has, or is currently administering, an effective program under this part or under Title II of the Economic Opportunity Act of 1964. Program effectiveness is evaluated by consideration of factors including, but not necessarily limited to the following:

- a. The extent to which the past or current program achieved or is achieving weatherization goals in a timely fashion;
- b. The quality of work performed by the Subgrantee;
- c. The number, qualifications, and experience of the staff members of the Subgrantee; and
- d. The ability of the Subgrantee to secure volunteers, training participants, public service employment workers, and other federal or state training programs.

Subgrantee Removal. In the event that a Subgrantee is unable to complete the terms of its Subgrantee Agreement, or if Grantee determines that the Subgrantee cannot fulfill its obligations under the Subgrantee Agreement, Grantee will reach out to other Subgrantees to fulfill the terms of their Subgrantee Agreement and work with the Subgrantees to extend their WAP services into the territory needing service coverage. Contracts would be amended as needed to accommodate the change in service area. This process ensures that WAP services are delivered with minimal interruption to clients if this type of situation was encountered.

V.3 Priorities

Prioritization. Priority for weatherization services is identified through HEAT Enterprise, based on household composition, annual energy consumption usage for heat (cost), and poverty level. Households with an elderly person, a person with disabilities, and/or families with children younger than six (6) years of age are given priority for weatherization services. Data from Grantee's fuel assistance database (referred to as LIHEAP Cloud) is uploaded annually into HEAT Enterprise and becomes the basis for determining priority and wait lists. HEAT Enterprise calculates a WAP ranking for each household by assigning points based on household income, home energy costs, and household composition. The maximum number of points allotted to a household is 20, which would result in the highest priority.

Wait Lists. CAAs are required to develop and maintain a wait list consisting of HEAP eligible households. Households on the CAA's wait list should be weatherized in order of ranking according to HEAT Enterprise. Households with the highest WAP ranking have the highest priority. A CAA may move up an eligible household's priority based on geographic considerations (e.g., if a high priority weatherization project is out of town, another dwelling with a lower priority ranking in the same area may also be weatherized during at the same time to save on travel costs) or because the CAA is funding the project with additional other resources.

V.4 Climatic Conditions

Grantee's heating requirements vary from south to north based on the District Heating Factors for the United States. Maine's 7500 to 9800 degree day environment mandates consideration of heating needs. In order to meet the additional heating needs of those in the northern and western portions of Maine, the Grantee uses a sliding scale of allocation based on recorded Heating Degree Days (HDD).

Maine's Hancock Software Energy Audit Tool (HEAT Enterprise) accounts for localized climatic variances by using climate data from the National Oceanic and Atmospheric Administration (NOAA). Heating degree hours are calculated using state climate data associated with each Maine zip code

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

Technical Guides. Standards for the proper installation of materials and procedures are described in the *Maine Weatherization Standards*, the *Maine Weatherization Single-Family Field Guide* and/or the *Maine Weatherization Manufactured Housing Field Guide* (collectively referred to as Field Guides) which are located on the Grantee's website <https://www.mainehousing.org/partners/partner-type/community-agencies/maine-weatherization-programs>; printed copies are available to Subgrantees.

The *Maine Weatherization Standards* is aligned with the companion Field Guides, which embodies SWS applicable to the Maine weatherization program. While the *Maine Weatherization Standards* and the Field Guides are fully aligned, the documents are distinct. The *Maine Weatherization Standards* provides more overview and

detail on overarching goals and guidance for delivery of weatherization services. The Field Guides' format provides clear quality standards for specific measures and test procedures using concise SWS language and photographs, and is well suited for direct use in the field.

Notification/Distribution to Subgrantees. Grantee has created and maintains a dedicated web portal for Subgrantees which provides electronic access to current versions to technical guides, program updates, procedures manuals, standards documents, relevant client education brochures, and a link to all WAP Program Notices and Memoranda. See <http://www.mainehousing.org/partners/partner-type/community-agencies>.

Notifications of updates to program manuals or guidance are posted to the HEAT Enterprise Home/News page. This page is maintained as a "Bulletin Board" and includes highlights of updates, implementation dates and directions to guidance as applicable. Since all users view the Home/News page on log-in, this ensures that Subgrantee field staff are apprised of and directed to the details of important updates as they are implemented.

Program updates and notifications are emailed to Sugrantee Housing and Finance Directors

Required Language. All Subgrantee Agreements contain the following language: "Subgrantee agrees to ensure that the standard work specifications for work quality outlined in WPN 15-4, Section 2, will be met and that all contracts with vendors will contain the same requirement." The Subgrantee's signature on the Agreement confirms that all expectations contained in the Sugrantee Agreement, Work Plan, and Budget are understood. The Subgrantee must deliver the executed Agreement, with Work Plan and Budget to the Grantee for approval before WAP funds will be disseminated.

All weatherization work is performed in accordance to DOE approved energy audit procedures and 10 CFR 440 Appendix A.

NEPA Review. Subgrantees may only perform activities identified in the list of Categorical Exclusion identified in Appendices A and B to Subpart D of 10 CFR § 1021.

Field Guide type approval dates.

Maine Weatherization Single-Family Field Guide approved November 15, 2018

Maine Weatherization Manufactured Housing Field Guide approved January 14, 2020

Supplemental DOE Approval for Spray Foam as an Air Sealing (Infiltration) Material as well as Insulation Material approved November 27, 2018

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family

Audit Name: Other (specify) 12/5/2016 Hancock Software

Approval Date: 12/5/2016

Audit Procedure: Manufactured Housing

Audit Name: Other (specify) May 22, 2017 Hancock Software

Approval Date: 5/22/2017

Audit Procedure: Multi-Family

Audit Name: Other (specify) 12/5/2016 Hancock Software would be the system used to conduct multi-family audits. Grantee does not do multi-family units

Approval Date: Not applicable

Comments

1. Grantee's energy audits consists of the following components:
 - a. an individual audit for each dwelling unit,
 - b. energy savings calculations based on ASHRAE fundamentals, and
2. a comprehensive health and safety protocol. Prior to initiating any weatherization activities, Subgrantees are required to evaluate: the physical condition of the home, the mechanical systems, and building tightness. Evaluation of the physical condition of the home and its mechanical systems is accomplished using blower door tests, combustion efficiency analysis, ventilation assessment, fossil fuel appliance combustion safety testing, and moisture level evaluation. Results determine the necessity for various remedial actions, which

must be accomplished prior to weatherization, as well as whether investing program dollars in the structure is appropriate.

3. Grantee's health and safety procedures, as described in the *Maine Weatherization Standards* require a total assessment of the home. Briefly, and not all inclusive, the auditor is required to assess the home from basement to attic using HEAT Enterprise:
 - a. list possible pollutant sources;
 - b. record any observable pollutant indicators;
 - c. interview the client as to health problems and lifestyle;
 - d. test all combustion appliances to the degree allowed by law as to efficiency and safe operation;
 - e. perform zone pressure diagnostic testing if applicable;
 - f. determine combustion air requirements and assess the adequacy of the existing combustion air supply;
 - g. test for spillage, back-drafting, and venting capability of all combustion exhaust vents; and
 - h. check CO production of all combustion appliances.
1. Homes that fail combustion safety tests must be deferred until corrective action is taken. Homes with unvented fossil fuel heaters cannot be weatherized until such heaters are removed, except when ANSI approved and used as secondary heat only. In addition, no weatherization activity that will affect the drying capability of the home may be undertaken until all necessary moisture control activities have been completed. After the weatherization measures are completed, the home must be checked again to ascertain that all combustion appliances are operating safely. If homes fail to meet minimum standards as to Structural Integrity and Health & Safety, weatherization must be deferred until the issue is resolved. Once a deferred home becomes eligible for weatherization, any applicable energy audit assessments, such as blower door testing and combustion safety testing, must be redone to establish a new baseline for the building conditions. Documentation of all activities in the client file is required.
2. Grantee standard work specifications are embodied in the Field Guides and is posted on the Grantee's website. This measures selection system applies to all types of dwelling units and is based on instrumented audits interacted with ASHRAE 62.2–2016 based calculations for energy use, actual installation and energy costs and material lifetimes to produce a savings investment ratio (SIR)-driven work order. These calculations will be conducted using HEAT Enterprise.
3. Grantee requires Subgrantees to utilize, to the degree allowed by law, diagnostic equipment including blower doors, combustion analyzers, hygrometers, CO analyzers, digital manometers and infrared cameras. Mandated tests include blower door tests, combustion efficiency analysis, minimal ventilation assessment, fossil fuel appliance CO testing, and moisture level evaluation.
4. Grantee's HEAT Enterprise uses the basic heat loss equation for conductive heat loss, (BTU/hr times area times degrees Fahrenheit over "R") taken from the ASHRAE 62.2–2016 Fundamentals Handbook, for pre and post weatherization energy use. Included in the calculations are heating degree-day correction factors and a blower door "N" factor when necessary. The results are checked against actual consumption whenever possible (HEAP vendors are required to provide consumption data; clients are asked to provide fuel bills during the audit). As the database grows, any necessary adjustments to correction factors will be made. Grantee's energy audit calculates SIRs for each contemplated weatherization measure, which reflect local heating degree-day figures and a heating degree-day correction factor.
5. In HEAT Enterprise, material lifetimes were updated based on DOE input and are the most conservative generally accepted by the industry. Installation costs are established by using actual subcontractor and supplier bids as well as crew installation costs at each Subgrantee.
6. A SIR is calculated for each contemplated energy conservation measure (ECM). Measures are arranged in descending order of payback by HEAT Enterprise with any individual measure with a SIR of less than 1 being considered "unallowable" unless paid for with another funding source (non-DOE). It is possible for the Subgrantee to elect to do fewer measures than proposed on any given job as long as measures are accomplished in the order established by HEAT Enterprise. However, this is not the preferred practice considering that a home may only be weatherized with DOE funds once in a lifetime, unless weatherized prior to September 30, 1994.
7. Projected incidental repair costs are also calculated and added to the total cost. Incidental repair costs are capped at 15 percent of the total cost of weatherization tasks being completed (conductive + air infiltration + mechanical tasks) in a contract period. Overall calculated SIR for activities excluding health and safety must

be equal to or greater than 1. Grantee's audit system assigns an energy savings to air infiltration reduction as determined by reduction of the CFM50 figure from blower door testing. As there is no way to accurately predict a post weatherization CFM50 figure, Grantee may waive the SIR requirement for the aggregate of air infiltration reduction measures on a case-by-case basis if the overall payback requirement is not met by the post blower door test.

8. All weatherization work is performed in accordance to DOE approved energy audit procedures and 10 CFR 440 Appendix A.

V.5.3 Final Inspection

Every DOE WAP unit reported as a completed unit receives a final inspection by the Subgrantee's BPI certified Quality Control Inspector (QCI), to ensure that all work meets the minimum standard work specifications as outlined in the *Maine Weatherization Field Guide* in accordance with 10 CFR 440. The QCI must complete and provide an *Inspection Completion Form* to Grantee for every completed unit, certifying that the weatherization materials and measures were properly installed in accordance with the Grantee WAP standards.

Grantee monitors conduct desk reviews on up to 100 percent of completed jobs, based on Subgrantee performance. Grantee will only authorize payment to the Subgrantee when satisfied that all work is completed in accordance with the work quality requirements outlined in WPN 15-4, Section 1. The Subgrantee is notified of any jobs not in compliance and is required to take the steps necessary to complete the job. In addition, the Grantee will perform quality assurance reviews of at least 5 percent of completed units and 10 percent of all completed units of Subgrantees that allow the audit and inspection to be done by the same person.

Subgrantee Agreements outline disciplinary action for inadequate inspection practices, as well as other duties not performed in accordance with expectations contained in the Agreement. *To wit:* Grantee shall notify the Subgrantee of the respects in which the Subgrantee's performance is deficient and the time period Subgrantee has to conform its performance. In the event the Subgrantee fails to correct deficiencies in its performance within the specified time, Grantee may withhold Subgrantee's funding under the Agreement until Subgrantee is in compliance.

If a Subgrantee weatherizes without approved clearance and Grantee subsequently determines the project is financed/owned by a Subgrantee, or sufficient reserves are in place for the project to incur these costs, Grantee has the right to refuse to reimburse for weatherization costs incurred.

Maine Weatherization Standards, Subgrantee Agreements, and Grantee's Weatherization Assistance Program Guidance and Procedures (Section 6), provide policies and procedures that govern the inspection process.

V.6 Weatherization Analysis of Effectiveness

HEAT Enterprise system reports are used as tools by the Grantee to monitor Subgrantee WAP production. Additionally, the HEAT Enterprise system calculates an Energy Savings Report for each job that includes pre-R, post-R as well as annual and lifetime BTU savings for the dwelling. Grantee plans to implement the following procedures to analyze the effectiveness of weatherization projects:

1. Grantee reviews estimated energy savings calculations and reports produced by HEAT Enterprise, which also prioritizes all activities in all types of housing addressed by WAP.
2. Grantee surveys recipients of weatherization services and shares results with Subgrantees performing the work.
3. Grantee's Energy and Housing Services team (EHS) communicates regularly with Subgrantee weatherization technicians through telephone, email and onsite visits.
4. Grantee's EHS staff participates in monthly Housing Council meetings and Building Technician Committee (BTC) meetings hosted and attended by Subgrantees directors, managers and technical staff. These meetings provide a platform to receive and solicit feedback from Subgrantees regarding technical concerns, training and other areas that may need improvement. Grantee will implement training based on need.

Grantee conducts up to 100 percent desk review of all jobs and provides timely feedback to Subgrantees. Grantee's State Monitor Technical Review Checklist and State Monitor Compliance Review Checklist classifies common or problematic areas of work identified during desk audits of each weatherized unit. This checklist includes specific areas of the building model which prompts the monitor to require that the audit be restated if housing characteristics were not accurately entered into the initial audit. Grantee maintains a database which tracks jobs that have issues, follows-up with the Subgrantee, and documents resolutions.

V.7 Health and Safety

Purpose and scope. The primary goals for Grantee WAP are to implement cost effective weatherization procedures to conserve energy and to assess and correct related health and safety hazards. Materials used for the abatement of such hazards not listed in Appendix A of 10 CFR 440 must meet all standards incorporated by reference and made a part of Part 440.

1. Subgrantees will be allowed to expend program funds for the abatement of energy related health and safety hazards up to an average of \$1,200 per unit. Grantee health and safety related costs will be charged to either the administrative or training and technical assistance cost category. It is the responsibility of Subgrantees to manage health and safety expenditures, which Subgrantees report as part of the billing process. The health and safety costs excluded from the cost effective calculations are tracked separately.
2. The cost of eliminating health and safety hazards, which is necessary before or because of installation of weatherization materials, is an allowable expense. Definitions of “minor” or allowable Health & Safety related repairs, and at what point repairs are considered beyond the scope of weatherization are included in the applicable sections of Grantee’s 2021 Health and Safety Plan Template, (4.0, 7.6, 7.9, 7.14, 7.16), and are aligned with the *Maine Weatherization Standards*. Updates related to COVID 19 are in the updated 2021 Grantee Health and Safety Plan Template.
3. Grantee WAP has set parameters by defining allowable minor repairs versus unallowable major repairs for potentially out-of-scope repairs such as roof, structure, moisture, electrical, and worker/client safety. This has greatly reduced the call for case-by-case considerations. However, rigors will be applied to any case-by-case consideration, including cost, Health and Safety risk, SIRs, pursuit of non-WAP resources, and the extent of benefits to especially vulnerable low-income households and individuals per 10 CFR 440.
4. Subgrantees are encouraged to leverage other funds whenever possible when addressing non-cost effective tested items. Problems with the dwelling unit that have no connection with weatherization activities can only be addressed with other funding sources, such as Grantee’s *Lead Hazard Reduction Demonstration Grant*, or its *Home Repair Program*. Potential funding sources include, but are not limited to:
 - a. Central Heating Improvement Program (CHIP)
 - b. Community Development Block Grant (CDBG)
 - c. Maine State Housing Authority programs
 - d. City or Town assistance
 - e. USDA Rural Economic Development (formerly FHA)
 - f. Housing and Urban Development (HUD)
 - g. Local church and community groups
 - h. Building Materials Bank
 - i. Habitat for Humanity
 - j. Donations from local businesses
 - k. Landlords

Intake Procedures. Per the Maine Weatherization Standards, the auditor’s duties include an evaluation of available information starting with viewing the client application, interviewing the client, and assessing the dwelling. A series of tests as outlined in the Maine Weatherization Standards and the Field Guides are performed in order to identify potential health and safety hazards as well as energy conservation opportunities. The clients sign a WAP Consent Form that specifies “In consideration of any WAP services received, I have received a copy of the EPA publication *The Lead-Safe Certified Guide to Renovate Right* and have also been educated on weatherization and health and safety topics pertinent to my home.”

Client Education and Training. As outlined in WPN 17-7, the auditor makes the client aware of potential hazards and provides them with appropriate instructions and educational materials. The client also receives guidance and information on energy conservation tips, both verbally and through educational materials relating to the subject(s). In addition to various brochures and manuals available to clients, education is provided as the home is being weatherized. Crews, contractors, inspectors and other qualified personnel explain various related concepts as the work progresses. Clients are encouraged to contact appropriate Subgrantee after weatherization if they have any questions, concerns, or wish to report feedback on the conservation efforts.

Deferral of Services Policy: See Grantee's *Weatherization Assistance Program Guidance*, Section 6(l) for Maine's *Deferral of Weatherization Services Policy*.

Grantee Health and Safety Program: Grantee health and safety related costs will be charged to either the administrative or training and technical assistance cost category. Grantee will follow all Occupational Safety and Health Administration (OSHA) safety regulations, and national, state and local codes as further described under the Subgrantee/Contractor Safety section below.

Subgrantee/Contractor Safety: Subgrantees must comply with OSHA requirements in all weatherization activities. When contractors are employed by Subgrantees, those contractors are expected to comply with OSHA requirements as well. The contractors' costs to comply with OSHA, as applicable, are part of their bid price. Updates related to allowability of costs associated with COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template 7.5 Related costs for Subgrantees to comply with OSHA requirements may be charged under section 440.18 as health and safety, tools and equipment, incidental repairs, etc.

1. Grantee WAP expects the crews, contractors, and other field personnel to be able to work under conditions that do not jeopardize their own health and safety.
2. Weatherization personnel shall be properly trained in workplace safety and will be provided with necessary protective equipment by their employer. All weatherization workers must comply with EPA's Renovation, Repair and Painting Rule (RRP) and at least one (1) person on each weatherization crew (includes both subcontractor crews and Subgrantee direct hires) must be trained in Renovation, Repair and Painting (RRP). Updates related to COVID 19 safe work practices training are in the updated 2021 Grantee Health and Safety Plan Template, 7.5, 7.13, 7.23, 7.24.
3. Subgrantees and contractors are expected to follow the requirements of Construction Industry OSHA Safety and Health Standards (29 CFR 1926/1910). During COVID 19 pandemic conditions, additional guidance must be followed including but not limited to: Federal and State CDC, FEMA, Maine COVID 19 Prevention Checklist Industry Guidance, and DOE Memorandum 062.
4. Subgrantees must comply with the OSHA Hazard Communication "Right to Know Program." The program requires chemical manufacturers or importers to assess the hazards of chemicals that they produce or import. It also requires that all employers provide information to their employees about the hazardous chemicals to which they are exposed, by means of a hazard communication program, labels and other forms of warning, material safety data sheets, and information and training. Subgrantees must follow the record keeping requirements for Occupational Injuries and Illnesses.
5. Subgrantees are responsible for maintaining vehicles purchased with federal funds so that they are in safe and proper operating condition.
6. Subgrantees are responsible for ensuring all work performed in client homes abides by federal, state, and local codes and regulations.
7. Grantee verifies contractor and Subgrantee compliance with OSHA 10, Safety Data Sheets (SDS), and RRP requirements as follows:
 - a. As part of the annual bid process, contractors are required to submit RRP certifications. Grantee reviews this documentation to ensure compliance.
 - b. Grantee conducts in-progress monitoring inspections to verify compliance with OSHA 1910 and 1926, RRP, and reviews/compares SDS information to actual products being installed.
 - c. Grantee conducts client interviews to confirm that they received SDS information prior to the installation of WAP measures.

Client Health and Safety. Client health and safety is a priority for Grantee WAP. Through DOE trainings, related trainings at Maine Safety Works, and field training, Grantee has developed a comprehensive plan to ensure safety in energy related areas. Updates related to COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template, 7.20. Subgrantees are required to have the proper equipment to perform the necessary weatherization tests. Subgrantee personnel are required to attend trainings as determined necessary. Homes constructed prior to 1978 are presumed to contain lead paint. All weatherization clients residing in homes constructed prior to 1978 will receive the EPA publication *The Lead-Safe Certified Guide to Renovate Right* prior to the commencement of any weatherization activities.

1. Maine's Community Action Agency Building Technology Committee (BTC) meets on a monthly basis to discuss all technical aspects of the weatherization program. The committee consists of a technical representative from each Subgrantee. Through this venue Subgrantees are continually updated with

information and techniques regarding energy conservation and health and safety issues. This system ensures that all Subgrantees are receiving the same information and creates consistency for a quality program statewide.

2. The Weatherization and CHIP programs work in unison to guarantee "A House as a System" approach when conducting an audit.
3. All Subgrantees have blower doors, digital manometers, CO testers, heating system efficiency testers, and hygrometers, as well as other test equipment. All weatherization personnel are required to be trained in energy related health and safety issues and indoor air quality problems. Testing and corrective procedures requiring special licensing on a state level will be referred to the appropriate authority.

Health and Safety Guidance Grantee uses the Table of Issues (adopted in DOE WPN 17-7) as a reference of a majority of conditions that Grantee regards as hazardous. In all cases these conditions will determine the course that weatherization will take. The chart outlines the hazard, the importance of correction, if postponement of weatherization services is necessary, types of testing, and corrective procedures for each hazard. In addition to the prescribed guidance in the Table of Issues, the following will be assessed and addressed, as applicable:

1. Air Conditioning and Heating Systems. Because of Maine's high heating degree-day environment, cooling needs are considered insignificant for Maine dwellings. Therefore, Maine climate conditions do not warrant defining at-risk occupants or the repair or replacement of air conditioning systems under DOE WAP.
2. Asbestos. According to the EPA's *Building Air Quality Guide*, the mere presence of asbestos in a building does not mean that the health of a building occupant is endangered. Asbestos-containing material in good condition, not damaged or disturbed, is not likely to release asbestos into the air.
3. Biologicals/Mold. Updates related to COVID 19 are in the updated 2021 Grantee Health and Safety Plan Template 7.5, 7.20.
4. Combustion Appliances and Combustion Gases. Grantee recognizes that combustion gases in homes pose the most serious hazard. As a result, Grantee has adopted a comprehensive plan to ensure safe operation of combustion appliances and to make sure that weatherization procedures do not contribute to a problem.
5. Per the SWS, (2.02 Combustion Safety) CO in the appliance vent, ambient CO and spillage testing must occur as part of a weatherization job. If the mandatory testing results are outside of the allowable limits, a clean, tune & evaluate (CTE) of the heating system must occur as part of a weatherization job.
6. Energy auditors must comply with the rules of the Maine Fuel Board: Prior to performing a combustion safety and efficiency test, a limited energy auditor technician shall obtain the manufacturer's installation and operating instructions for the specific equipment to be tested. Energy auditors must make every effort to obtain an equipment manual on site or on line. When a manual is not obtainable, the energy auditor must order a CTE by a licensed Heating Technician. This CTE must be performed prior to invoicing the job. A visual inspection, CAZ pressure test, spillage test, and ambient CO measurement must still be conducted as part of the energy audit.
7. In addition, CTEs should also be conducted as part of routine maintenance and safety practices. Subgrantees must provide in their Work Plan established internal policies that describe how CTEs will be addressed for clients of the weatherization program. Of all the by-products of fuel combustion, carbon monoxide (CO) is deadly. Grantee views any ambient level of CO as potentially dangerous and will be considered a warning signal that a problem exists. According to ASHRAE standards, the maximum allowable concentration for short-term exposure is 9 ppm in residential settings. Corrective procedures requiring special licensing will be referred to the appropriate authority.
8. Mold and Moisture. A thorough moisture assessment of the home is done during the audit process and conditions are noted in HEAT Enterprise. The assessment process includes a client interview, visual inspection, measuring humidity levels and blower door testing. Corrective procedures include client education, eliminating/reducing source of moisture, and providing mechanical ventilation as prescribed by ASHRAE standards.
9. Occupant Pre-existing or Potential Health Conditions. Updates related to COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template, 7.20

10. Worker Safety. Updates related to COVID 19 safe work practices are in the updated 2021 Grantee Health and Safety Plan Template, 7.5, 7.13, 7.23.
11. Diagnostic Equipment. Diagnostic equipment, such as blower doors, will not be used on units where such equipment could exacerbate existing problems (e.g., vermiculite in open floored attics).
12. Spray Polyurethane. Grantee must follow EPA recommendations (available online at <http://www.epa.gov/saferchoice/spray-polyurethane-foam-spf-insulation-and-how-use-it-more-safely>)

V.8 Program Management

V.8.1 Overview and Organization

Organization Overview. The Maine State Housing Authority (MaineHousing), created in 1969, is Maine's housing finance agency. MaineHousing administers the DOE Weatherization Assistance Program. MaineHousing's mission statement reads, "The mission of MaineHousing is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs." In carrying out this mission, MaineHousing provides leadership, maximizes resources, and promotes partnerships to develop and implement sound housing policy.

Since its inception, MaineHousing has provided housing for low and very low-income renters and the opportunity for low and moderate-income Maine families to purchase their own homes. In the more recent past, MaineHousing has expanded its programs to meet new challenges posed by various housing needs: people who are homeless; people with special housing needs (such as mental health consumers); the elderly; low income homeowners who cannot afford basic home repairs; and others.

The State of Maine developed the nation's first Weatherization Program in 1973 in response to the energy crisis that gripped the northeast and caused economic hardship across the country. Maine WAP became the model used in developing funding for a program in every state in the nation. The program was originally administered by the Division of Community Services, an executive department agency. It was re-assigned to MaineHousing in 1991.

By its nature, MaineHousing rarely serves its customers directly. It places a heavy reliance on its partners to deliver its programs and services to the households that it serves. These partners include real estate professionals and lenders, non-profit organizations, other government agencies (in particular, Maine Department of Economic and Community Development, and Health and Human Services) municipalities, for-profit corporations, private developers, private property owners, management corporations, and Community Action Agencies. With offices located throughout Maine, nine (9) of Maine's Community Action Agencies serve as Subgrantees for the DOE Weatherization and Low Income Home Energy Assistance Programs (HEAP).

In addition to WAP, MaineHousing serves as Grantee for HEAP, Central Heating Improvement Program and other home repair programs. Weatherization serves as MaineHousing's cornerstone to providing thousands of Maine homeowners and renters with funds to repair and improve their homes. CDBG and other state and federal sources of funds will be used in conjunction with WAP funds to address this home repair crisis. In addition, MaineHousing consistently designates 15 percent of its HEAP grant to weatherization and heating system repair programs.

Review of Subgrantee Work Plans, Budgets, and Reported Results. Grantee requires Subgrantees to provide a Work Plan and Budget for the 2021 DOE program as part of the Subgrantee Agreement. Grantee will review the Work Plan and Budget and request any updates, if necessary, for the program year. No funds will be advanced to Subgrantees until the Work Plan and Budget is reviewed and approved by Grantee. Grantee's EHS staff will perform comparisons of Subgrantees monthly billings versus their approved budgets to identify financial or compliance variances. EHS staff will work with Subgrantees to correct/understand variances as they are identified during this process.

Allocation of Funding to Subgrantees. Grantee will allocate program funding to Subgrantees based on the percentage of HEAP applications approved. Grantee reserves the right to re-allocate funding among Subgrantees during the program year based on program performance and need statewide. WAP is currently operating under a Continuing Resolution for Fiscal Year (FY) 2021 (WAP Memorandum 069). For planning purposes, until a final full year FY 2021 budget is passed and signed by the President, Grantees have been advised to develop their Grantee Plans using the same funding level as the DOE 2020 Appropriated Funds outlined in WPN 20-2. While WPN 20-2 allocations will suffice for FY 2021 planning purposes, DOE will adjust these allocations to Grantees based on final FY 2021 appropriations. Once a FY 2021 budget is passed and signed by the President, DOE will issue WPN 20-2, Program Year 2021 Grantee Allocations.

V.8.2 Administrative Expenditure Limits

Allocation of the funds for the current Program Year show all Subgrantees at five percent administration. (See Annual File - Part A) Once all Subgrantee budgets are reviewed and approved, the Grantee will file an amendment to this State Plan, reflecting actual budgeted administrative costs.

Grantee WAP may allow up to an additional five percent administrative funding for Subgrantees that qualify based on the following criteria:

1. As required by federal regulations, the Subgrantees must receive less than \$350,000 for their total annual sub-granted amount.
2. Subgrantee budgets must reflect reasonably expected administrative costs for the new grant period, which are in excess of the five percent. These expected costs should be based on the best information currently available.
3. The Subgrantees must have no uncorrected audit or monitoring findings regarding the allocation of costs to the DOE sub-grant for the most current period available.

Any Subgrantee meeting criteria defined in 10 CFR 440.18(d) may receive increased administrative funding, not to exceed an additional five percent (10 percent total), based on actual costs incurred. The Grantee will require the Subgrantees to submit a letter of application for additional administrative funding. This letter must address the impact on production and the need for the additional administrative funds as well as the three (3) criteria shown above.

V.8.3 Monitoring Activities

Programmatic/Subgrantee Monitoring. The monitoring approach under the Grantee WAP is to work closely with Subgrantee personnel to ensure continued quality workmanship and to ensure adequate financial systems and procedures. Grantee WAP will administer Quality Control Inspections (QCI) in accordance with SWS outlined in the Field Guides and 10 CFR 440 using both the independent QCI and independent auditor/QCI. This will enable Subgrantees with fewer staff to utilize the process. In all cases QCIs will be Subgrantee employees or hired contractors and the Grantee will perform quality assurance reviews of at least 5 percent of completed units and 10 percent of all completed units of Subgrantees that allow the audit and inspection to be done by the same person.

Comprehensive coverage of all Subgrantee WAP activities is achieved by a combination of regularly scheduled Grantee efforts:

1. Administrative and fiscal monitoring – annually.
2. Onsite inspection of completed units – monthly.
3. Client file review – monthly.
4. Review of Subgrantee work plans, budgets, and reported results – ongoing.
5. Review of independent Subgrantee annual audits – annually.

Grantee has developed its own monitoring tool that includes reviews of the Subgrantee Uniform Grant Guidance Audit prescribed by 2 CFR 200. Among other things, Grantee has determined that the DOE monitoring tool duplicates many financial and compliance audit requirements under 2 CFR 200 which all Subgrantees must have their independent auditors perform annually. Subgrantees are required to submit their annual independent audit report to Grantee as soon as the report is available.

Financial Monitoring. Grantee staff will perform comprehensive administrative and fiscal monitoring of each Subgrantee on an annual basis using the Compliance Review Administrative Monitoring Tool. During the annual administrative and fiscal audit, Grantee conducts a 10 percent file review of Subgrantee's production. If a significant issue is cited Grantee will expand the sample size.

The EHS Fiscal Compliance Specialist addresses the following areas of performance under DOE Weatherization:

1. Annual Financial Monitoring review
 - a. Financial/Fiscal Accountability
 - b. Uniform Grant Guidance Audit prescribed by 2 CFR 200
 - c. General ledger
 - d. Payroll/Personnel/Timecards

- e. Vehicles and equipment purchases
 - f. Indirect rate review to make sure it is being calculated correctly
 - g. Invoicing
 - h. Record retention
 - i. Corrective action plans
 - j. Contractor payments
2. Annual Production File Review
- a. Procurement process
 - b. Energy audits
 - c. Eligibility
 - d. Proof of ownership
 - e. In progress and final inspections
 - f. Contractor invoices
 - g. Release of liens
 - h. Scope of work
3. Each comprehensive monitoring visit includes an exit interview during which the EHS Fiscal Compliance Specialist apprises Subgrantee personnel of pertinent findings and recommended improvements, as applicable. Within 30 days of the administrative/fiscal monitoring visit, the EHS Fiscal Compliance Specialist will prepare and deliver a report to the Subgrantee summarizing these findings and requesting corrective actions. Additionally, the Fiscal Compliance Specialist will perform a six (6) month follow-up review of corrective action plans, if applicable.
4. If significant issues are identified, Grantee requires the Subgrantee to submit a corrective action plan for Grantee's review/approval. Grantee will conduct a six (6) month follow-up review to ensure the plan was executed and effective in addressing the issues.

Grantee Monitoring Personnel:

TITLE/GROUP CATEGORY	HRS /YR	TIME %	ADMIN %	T&TA %	DESCRIPTION OF DUTIES
Fiscal Compliance Specialist	624	30.00%	30.00%	0.00%	Performs fiscal reviews of Subgrantees to ensure fiscal compliance to federal rules and regulations; provides Programmatic Guidance to Sub-Grantees.
Technical Services Specialists #1 & #2	1,456	35.00%	5.00%	30.00%	Primary responsibility for field inspections and monitoring of completed weatherized units to ensure quality and compliance with program regulations. Assists in technical training, such as conducting energy audits, contractor relations, including contractor bids
WAP Program Officers #1 & #2	520	25.00%	10.00%	15.00%	Performs compliance desk review of completed jobs and onsite Grantee compliance monitoring. Provide Subgrantee training to address administrative requirements, compliance issues, Heat Enterprise, and other areas as needed and/or requested by Subgrantee. Provides Programmatic Guidance to WAP Subgrantee

Independent QCI Monitoring: QCI monitoring has three components: Desk Review, Unit Inspections, and On-site Subgrantee Monitoring Visits.

1. Grantee State Monitors conduct a minimum of 10 percent and up to 100 percent desk/file review of the completed units submitted by each Subgrantee. The percentage of desk review depends on Subgrantees' performance, which is captured on Grantee's internal tracking sheet. This practice allows the Grantee to monitor best practices, identify concerns, and select/prioritize units for onsite inspections for each Subgrantee. *State Monitor Desk Review Checklists* provide Subgrantee with the desk review results for jobs reviewed, including job deficiencies. Deficiencies are tracked by number and level of concern of reviewed jobs on Grantee's internal tracking sheet. *State Monitor Review Checklists* are made available to the Subgrantee in HEAT Enterprise. Any deficiencies identified on the checklists must be addressed in the job file before payment can be issued.
2. EHS Technical Service Specialists will perform onsite unit inspections of completed and in-progress units statewide on a monthly basis. They will inspect a minimum of five percent of completed units and 10 percent of all completed units of Subgrantees that allow the audit and inspection to be done by the same person.
3. If significant issues are identified, the Technical Services Specialists will expand the percentage of inspected units. Technical Guides and Materials (V.5.1) establishes the criteria for inspection procedures.
4. Capture and reporting of inspection data will be accomplished using the *Maine WAP QCI Field Form*, which provides a comprehensive checklist that includes:
 - a. Assessment of auditors' pre-existing R-values and accurate building model
 - b. Evaluation of auditors' approach for each distinct area of the structure, attic, walls, basement, site specifics, etc.
 - c. Verification and evaluation of each installed measure
 - d. Combustion appliance inspection and combustion safety testing data
 - e. Blower door, pressure pan and other applicable building diagnostics data
 - f. Exhaust device cfm measurement and confirmation of correct ASHRAE ventilation requirement
 - g. Confirmation of on-site documentation required by SWS such as Insulation Certificates
 - h. Client comments, concerns and positive remarks
5. Within 30 days of the site inspection, the Grantee monitor submits a Unit Inspection Report to the Subgrantee. These reports include findings and any required corrective actions, communications with the client/owner and contractor, observations and an assessment of the auditor's performance. If a rework is ordered, the Subgrantee will have 30 days to complete the rework and notify EHS, in writing, of its completion. The Subgrantee may also contact the Director of EHS in writing during this 30-day period to appeal a rework finding. The unit will be revisited by the Director of EHS, a representative of the Maine Community Action Agency Housing Council, the Grantee monitor, and a Subgrantee representative to resolve the dispute through actual onsite observations and discussion of discrepancies.
 - a. If the rework ordered is not rescinded following this appeal process, the Subgrantee will have 30 days from the date of the appeal resolution to complete the rework.
 - b. If reworks are not completed within 30 days, and the Subgrantee has not demonstrated reasonable cause for delay, a billing adjustment will be made for the entire dwelling unit. The unit will not be reinstated until the rework has been completed.
 - c. If there are significant deficiencies identified, the Grantee monitor will increase the number of units reviewed and frequency of monitoring visits to the Subgrantee until there are assurances that all deficiencies have been resolved.
6. Subgrantees are required to submit corrective action plans when there are indications that the Subgrantee has significant compliance issues.
7. EHS Technical Service Specialists conduct multi-day focused technical monitoring at each Subgrantee office on an annual basis. This includes face-to-face meetings and interviews with Subgrantee weatherization managers, field staff and contractors to evaluate processes and training needs. A written summary of the site visit is provided to the Subgrantee within 30 days. The Subgrantee must respond to any requests, concerns or findings within 30 days.

Independent Subgrantee Audit: Each Subgrantee will have an audit of their financial statements and a Uniform Grant Guidance Audit prescribed by 2 CFR 200 compliance audit conducted by an independent CPA firm following the close of the Subgrantee fiscal year. These audits will comply with all regulations pertaining to DOE WAP and will be made available to Grantee management. Grantee's Fiscal Compliance Specialist evaluates/reviews the results of these audits on an annual basis.

Subgrantee must provide written assurance that corrective action has been taken or present a plan to correct any noted deficiencies within 60 days. During and following this 60-day corrective action period, Grantee staff will offer and be available for training and technical assistance as needed by the Subgrantee.

V.8.4 Training and Technical Assistance Approach and Activities

Grantee will continue to support Subgrantees by providing training opportunities for crews and contractors, as well as providing guidance regarding the allowable use of DOE Training and Technical Assistance (T&TA) funds for training weatherization contractors, as well as Subgrantee technicians and weatherization crews.

Grantee uses monitoring methods and tools to evaluate each Subgrantee's performance and develops T&TA activities to address areas in need of improvement. Grantee intends to work with the approved energy audit software provider to develop expanded reporting methods to track and compare production and energy savings between Subgrantees. This enhancement of identifying training needs by comparing Subgrantees' performance will be initiated over the coming year, to be implemented when development is completed at a future date.

Grantee's WAP T&TA plan provides a variety of activities to support developing and enhancing skills of personnel at the Grantee and Subgrantee levels. The desired result of all T&TA activities is to maximize energy savings, ensure health and safety of clients and WAP personnel, minimize operating costs, improve management and administrative procedures, and prevent waste, fraud and abuse. New WAP staffs who do not have all required training and certifications needed for their positions receive necessary training as soon as possible and no more than within 6 months of being hired. WAP staffs work under supervision as needed until they have received required training and certifications.

The T&TA plan incorporates results and information made available through EHS field monitoring visits and input from Subgrantees, weatherization contractors, and WPNs. All Comprehensive Training will be conducted by Interstate Renewable Energy Council (IREC) accredited training organizations. Specific trainings will be administered by qualified personnel as needed.

Grantee/Subgrantee Training. Grantee supports the professional development and training needs of Grantee and Subgrantee weatherization staff and contractors. Subgrantees are provided T&TA funds that allow them flexibility in meeting training needs for their WAP staffs and contractors.

1. ***BPI (HEP) Comprehensive Training.*** Grantee will coordinate and fund mandatory accredited certifications for Grantee and Subgrantee staff as required by Weatherization Program Notices.
 - a. During the 2021 DOE plan year, Grantee anticipates coordinating and funding accredited trainings and testing for Grantee, Subgrantee technicians, Contractors, and Subgrantee Crew workers as detailed on Grantee's 2021 DOE T&TA Planning and Reporting Template.
 - b. Grantee will coordinate and fund Crew Leader (CL) and Retrofit Installer (RIT) Comprehensive Training and certification for Subgrantee crew workers and weatherization contractors as needed. Grantee makes training opportunities available annually. These Comprehensive Trainings will be provided to Grantee's weatherization network to ensure continuity and best practices across the work force for weatherization contractors and Subgrantee crews performing weatherization work. IREC accredited training will align with the NREL Job Task Analysis (JTAs) for the scope of work performed by the WAP professional.
2. ***Grantee, Subgrantee and Contractor Training.*** Grantee will coordinate and fund training to address the top training topics/needs identified by Subgrantees including: HEAT Enterprise software, monitoring and technical best practices, WPN guidance, and training needs identified through Grantee monitoring activities. Training topics will be addressed through Comprehensive or Specific training avenues as needed.
3. ***National and Regional Conferences.*** Grantee will send Grantee staff, and encourage Subgrantee technical and fiscal personnel and weatherization contractors to attend NASCSP and DOE approved training conferences, as well as other conferences relating to health and safety, air quality, energy audits and weatherization specific measures.
4. ***In-House Training.*** Grantee staff will provide training on-site as needed in technical and fiscal matters and to address acute deficiencies in the field such as combustion safety training, audit training, ASHRAE, etc..

5. *Online Training Modules.* Grantee intends to develop online training modules geared toward new staff orientations for Subgrantees and/or weatherization contractors, as well as modules focusing on technical, fiscal and overall program management to provide support for weatherization installation and standards on an as needed basis.

All Subgrantees are required to submit a T&TA work plan with their budget for Grantee approval. These work plans will identify and address T&TA needs at Subgrantee agencies. A standard outline is provided to all Subgrantees setting forth the areas required in their work plans.

The Grantee will review the Work Plans and Budgets to determine whether the Subgrantees are complying with the outline as well as the standards stated above. The Grantee will also coordinate and provide all Subgrantees with current developments in technical procedures and DOE guidance on technical issues. Through these procedures, the Grantee will ensure consistency in the Subgrantees' procedures as well as identifying needs of individual Subgrantees. The Grantee will expend every effort, through monitoring and management activities, to ensure that Grantee continues to operate a quality WAP.

In addition, Subgrantees submit semi-annual activity reports to Grantee identifying agency staff and/or contractor employees benefiting from the use of DOE T&TA funds for training.

The Housing Director of each Subgrantee will notify the Grantee and the Housing Council of any and all planned training sessions so that common needs are coordinated and duplication is avoided.

The Grantee will continue to conduct surveys of all Subgrantees and solicit input from Grantee staff to identify training needs. This information is utilized to determine which topics the Grantee and Subgrantees will schedule for trainings during this and future grant periods. The results of the survey will be shared with the Housing Council to assist with their employee and subcontractor trainings and meetings.

Grantee also relies heavily on information gathered during the monitoring process to determine and prioritize training needs. There will continue to be training such as EPA Certified Lead Renovator training which requires EPA certified trainers and other specialized training as it becomes available (i.e. Maine Indoor Air Quality, Building Performance Association, etc.). Grantee is notified of these external training opportunities and informs Subgrantees/contractors of them.

Grantee tracks applicable Grantee and Subgrantee credentials to ensure maintenance of these credentials.

The effectiveness of T&TA activities is gauged by:

1. review of session evaluation forms;
2. feedback from Building Technical Committee and contractor meetings;
3. comparison of pre & post training on-site results; and
4. analysis of responses to annual Subgrantee training needs surveys.

Contractor Training. Grantee requires that contractors receiving DOE T&TA funds for training events sign a retention agreement confirming that the contractor will provide weatherization services for a period of not less than the current weatherization contract period the Contractor has with the Grantee and/or Subgrantee.

Client Education. Per the *Maine Weatherization Standards*, energy auditors and inspectors are required to provide the client/owner education during all phases of the weatherization process. This includes, but is not limited to:

1. how the weatherization process will address health and safety issues;
2. explanation of energy-conserving measures that will be installed;
3. recommendations on how the client can conserve energy; and
4. explanation of required maintenance for existing equipment, including equipment calibration requirements, added equipment, or energy-saving measures.

V.9 Energy Crisis and Disaster Plan

In the event that an energy crisis or disaster plan is triggered by state or federal declarations, Grantee will ensure that use of WAP funds adhere to procedures outlined in WPN 12-7.



Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: November 10, 2020

Subject: 2021 Budgets - Preliminary

Preliminary budgets for Fiscal Year 2021 are attached for your review and consideration. The attachments include information on Fiscal Year 2019 (actual results), Fiscal Year 2020 (approved budget and forecasted results), and the proposed Fiscal Year 2021 budget. The 2020 forecasted amounts take into account the first nine months of actual results and three months of projections using current trends and expected activities through the end of the year, and serve as the basis for the 2020 to 2021 comparisons on the attachments.

This year's profitability will be lower than expected due to a very low interest rate environment that has had an impact on the mortgage lending segment of operations. A continuation of lower interest rates is anticipated for 2021. The COVID-19 pandemic generated new program funding from federal and state sources and substantially increased this year's grant income. This new funding is nonrecurring and total grant revenues will return to a lower level in 2021.

In spite of some economic challenges caused by COVID-19, MaineHousing is expected to generate a sufficient amount of net operating income this year. A slightly higher amount is projected for 2021 and total revenues are budgeted to exceed expenses by \$4.5 million.

MaineHousing's two primary business segments consist of mortgage lending activities and the administration of various federal and other programs. An overview of projected activities for each segment is presented below.

Mortgage Lending Activities

MaineHousing's mortgage lending activities are dependent on demand for its loan products and the ability to supply the demand by selling bonds at favorable interest rates. Net interest income, which is the difference between income from mortgage and non-mortgage investments and the interest paid on bonds, is generated from lending activities and is used to pay for related operating and program administrative expenses.

Low interest rates have impacted this year's activities by lowering interest income from investments and increasing prepayments on higher rate single-family loans, which moderated the growth of the portfolio. A similar rate environment is assumed for 2021. The current interest rate environment has also lowered borrowing costs on new bonds and provided opportunities to refinance and redeem higher rate outstanding bonds, which will reduce future interest expense.

The following are the major components and factors used in the development of the 2021 budgets for mortgage lending activities:

- Interest income from mortgages is projected to increase by approximately \$1.5 million. The loan portfolio is expected to increase by a net amount of \$50 million in 2021, which is consistent with current year activity. New loan production is projected at approximately \$185 million and loan reductions from scheduled repayments, prepayments, and foreclosures are estimated at \$135 million.
- Interest income from investments is projected to decrease by approximately \$0.8 million due to a continuation of low interest rates.
- Interest expense is projected to decrease by \$1.6 million due to lower average rates and outstanding bonds. To mitigate and offset the impact of lower income from investments, higher rate bonds have been aggressively retired and restructured this year. This action will reduce interest expense in 2021.

Program Administration Activities

MaineHousing administers numerous federal and state funded programs and the agency's ability to expand or continue these programs is subject to the budget appropriations of those governments. MaineHousing receives fee income for the administration of these programs, which is used to pay related operating and program administrative costs.

Program revenues will be at higher levels this year due to COVID-19 related funding from federal and state sources. Since this funding is nonrecurring and most will be expended this year, program revenues will be lower in 2021. The following are the major factors associated with federal and state funded programs for 2021:

- Grant income is projected to decrease by a net amount of approximately \$21.5 to \$95.5 million. The net reduction is due primarily to the following:
 1. COVID-19 related income from the State's CARES Act allotment (\$15 million) and FEMA (\$3 million) is nonrecurring.
 2. Income from State general obligation bonds for senior housing initiatives (\$14.5 million) received in 2020 is nonrecurring.
 3. Income of \$3.3 million from HUD for a Youth Homelessness Demonstration program is new for 2021.
 4. COVID-19 funds for the Emergency Solutions Grant (\$13 million) will be expended over a two-year period. The recognition of income for this grant will be \$6.6 million higher in 2021.
- Federal rent subsidy income from six Section 8 programs is projected to increase by \$2.5 million to \$108.8 million. The increase is primarily due to higher funding from HUD for the Performance Based Contract Administration program, which increases annually based on a HUD adjustment factor.

BUDGET ATTACHMENTS

MaineHousing's 2021 budgets consist of the following attachments:

- Consolidated Revenues and Expenses Budget (**Attachment A**)
- Operating and Direct Program Administrative Expenses Budget (**Attachment B**)
- Capital Budget (**Attachment C**)
- Itemization of Certain Revenues (**Attachment D**)
- Revenues and Expenses Budget by Fund Group (**Attachment E**)

The following presents a brief summary and the major components for each attachment.

Consolidated Revenues and Expenses Budget – Attachment A

This attachment provides a macro view of the agency's budget and it presents total consolidated revenues and expenses for all activities. Total combined revenues and expenses are budgeted at \$280.9 million and \$276.4 million, respectively. The total budget amounts for both revenues and expenses reflect a decrease of 6%, or approximately \$18.5, from the forecasted actual amounts for this year. The decreases are attributed mostly to lower grant income and expense due to reductions in COVID-19 related program funds.

Total revenues are projected to sufficiently cover all expenses and profitability is expected to slightly improve in 2021, with revenues exceeding expenses by approximately \$4.5 million.

Operating Expenses Budget – Attachment B (Top Section)

The Operating Expenses Budget presents the agency's overhead and operational costs. The total 2021 budget amount is \$19.8 million, which is an increase of approximately \$0.4 million or 2% over the approved 2020 budget. Total actual expenses for this year are projected to be below budget by approximately \$0.5 million or 3% and the 2021 budget is an increase of \$0.9 million or 5% over forecasted actual expenses.

A large portion of the increase is attributed to higher expenses for staff trainings and conferences, partner and client trainings and meetings, and staff events, which combined are approximately \$0.4 million higher for 2021. These expenses were significantly curtailed this year and will be well below budget due to COVID-19 restrictions on gatherings and travel. The 2021 budget reflects a resumption of these activities to approximately pre-COVID levels and related expenses are comparable to the 2020 budget amounts.

The following provides a description of each expense and a summary of the major components and assumptions used for the 2021 budget:

1. Salaries – Based on a staff level of 173 full-time equivalent (FTE) positions, which is a net increase of three FTEs. Actual salary expenses are expected to be over budget this year by approximately \$65,000 because less vacation time was used due to COVID-19, which increased the related liability. The proposed budget includes approximately \$415,000 for merit adjustments, which is based on the same factor used for the 2019 and 2020 budgets. A 1.5% general vacancy factor has also been included, which is also the same factor used for prior year budgets.
2. Payroll Taxes – Employer portion of Federal Insurance Contribution Act (FICA) taxes.
3. Health, Dental and Other Insurance Benefits – Includes costs for health, dental, life, long-term care and disability insurance benefits. Includes the following for 2021:
 - A. Health insurance – a 9% premium decrease, which includes the elimination of a 3% fee for the Affordable Care Act. There are no coverage changes and no change with the provider, Anthem BC/BS.
 - B. Dental insurance – a 3% premium decrease due to the elimination of the Affordable Care Act fee. There are no coverage changes and no change with the provider, Delta Dental.
4. Retirement – Employees have an option to participate in one of two retirement plans offered: (1) a defined contribution plan (Lincoln Financial Group) or (2) a defined benefit plan (MEPERS). There are no changes to the benefits or employer contribution rates for either plan.
5. Other Fringe Benefits – Costs associated with the Employee Wellness Program, which provides employees a maximum annual amount of \$280 for wellness activities like exercise, weight loss and smoking cessation programs. Payments to employees under this program are a taxable fringe benefit.

6. Office Supplies – Costs for standard small expendable office supplies as well as office equipment and furnishings.
7. Printing – Printing costs for various items including: informational pamphlets, program brochures, consumer education and outreach materials, legal and public notices, envelopes, checks and other business forms.
8. Memberships, Dues and Fees – Membership fees to professional associations for the agency and employees, as well as professional licensing dues. Approximately \$29,000 of the total is for the agency's annual membership fee to the National Council of State Housing Agencies (NCSHA).
9. Subscriptions – Trade, legal and other technical periodicals and publications for staff to stay current on industry requirements and trends.
10. Sponsorships – Expenses associated with sponsoring housing or program-related events for the purpose of promoting MaineHousing and its programs. Includes the following for 2021:
 - \$1,500 - GrowSmart Maine Annual Summit
 - \$1,000 - Maine Real Estate and Development Association Annual Conference
 - \$3,000 - New England Resident Services Coordinators Conference
 - \$2,500 - Maine Resident Services Coordinators Conference
 - \$1,500 – Northern New England Community Action Agencies (CAA) Conference
 - \$3,000 - Maine Real Estate Managers Annual Conference
 - \$1,000 - Maine Wisdom Summit/Council on Aging
11. Staff Education/Training/Conferences – All costs (e.g. registration fees and tuition) associated with necessary training for staff, except for the travel and meal costs. Related travel and meal costs are separated due to a law requirement (see next line).
12. Staff Education/Training/Conferences – Travel and Meals - Travel and meal costs associated with staff training (e.g. meals, lodging, mileage, airfare, and parking).

The combined increase for lines 11 and 12 is approximately \$209,000. Expenses were down significantly this year because of COVID-19 and activity is projected to resume to approximately pre-COVID levels in 2021. Amounts for 2021 are approximately \$20,000 lower than the 2020 budget amounts.

13. Partner and Client Trainings/Meetings – All costs associated with business partner or client trainings and meetings (e.g. lenders/homebuyers/agents/CAA agencies), other than travel and meals. Costs include things such as facility rental and material costs. Related travel and meal costs are separated due to a law requirement (see next line).
14. Partner and Client Trainings/Meetings – Travel and Meals - Travel and meal costs associated with partner/client trainings and meetings with outside partners and clients.

The combined increase for lines 13 and 14 is approximately \$167,000 and is attributed primarily to:

- MaineHousing will host the State Affordable Housing Conference in 2021. The total cost for the conference is approximately \$85,000 and is covered by sponsorships and participants fees. The related revenues are included in “Other income”.
- MaineHousing's Asset Management department will host the Annual Regional Housing Finance Agencies Conference in 2021. The total cost for the conference is approximately \$10,000.

15. Staff Events –All costs, other than meals, associated with agency-sponsored employee recognition events or meetings. The cost for food associated with staff events are accounted for separately (see next line).

16. Staff Events – Meals – Meals associated with an agency-sponsored employee recognition event or meeting

The combined increase for lines 15 and 16 is approximately \$23,000. These expenses were below budget this year because of COVID-19 and activity is projected to resume to pre-COVID levels in 2021. Amounts for 2021 are approximately the same as the 2020 budget amounts.

17. Leased Vehicles- Certain employees are provided with a leased vehicle to fulfill their job requirements. All vehicles are leased through the State of Maine Central Fleet Division. An additional leased vehicle for a new Construction Analyst position is included for 2021. There's also a variable cost associated with leased vehicles based on mileage, which were down in 2020 and are expected to be higher in 2021.
18. Computer Supplies – Includes desktop computers, laptops, monitors, as well as other computer-related items. This year's expense includes amounts for numerous desktop computer replacements, which will not be needed for 2021.
19. Software Licenses – Costs for software that is provided as a service on a subscription basis.
20. Computer Maintenance - MaineHousing maintains a significant computer network and numerous computer systems and applications have annual system maintenance and support agreements.
21. Building Rent and Utilities – Costs associated with leasing the Water Street office building, which expired on June 30, 2020.
22. Building Repairs and Maintenance – Costs for cleaning services and supplies, building maintenance such as office workstations setups, electrical wiring, etc. at the Water Street office building. Repairs and maintenance costs for the Edison Drive office building are included on line 24.
23. Interest Expense – Interest expense for the \$16 million loan used for the acquisition and rehabilitation of the Edison Drive building. The loan is an amortizing 15-year note with a fixed rate of 3.2%.
24. Office Building Property Expenses – Costs associated with owning and operating the Edison Drive office building, which includes: payments in lieu of taxes, services for cleaning and groundskeeping, utilities, and other maintenance. The increase is due to the building being occupied and operational for the entire year in 2021 versus a partial year in 2020.
25. Depreciation – Capital expenditures are recorded as assets and then depreciated (expensed) over their useful life. The budget amount is based on depreciation schedules for all existing assets and estimated additional depreciation expense based on projected capital expenditures for 2021 (see Capital Budget). The increase is attributed to a full year of depreciation for the office building and related equipment and furnishings in 2021 versus a partial year in 2020.
26. Rent-Other – Primarily rental of archive storage space and a disaster recovery backup facility.
27. Telephone - Costs for the new RingCentral phone system, wireless phones, land-lines, teleconferencing phone services, and internet connections. Parallel phone lines were in place for a part of 2020 due to the implementation of a new system and migrating to the new office facility. This is not necessary for 2021.
28. Employment Advertisements –Advertising cost associated with filling vacant positions. Employment advertisements are mainly handled online through jobsinme.com, which requires an annual fee for unlimited ads.

29. Postage and Shipping – Costs for postage as well as UPS overnight mailings and other shipments.
30. Insurance – Premiums for worker’s compensation, property, liability, crime, fidelity bond and auto insurance. Also, as a governmental agency, MaineHousing directly pays unemployment insurance claims.
31. Recording Fees – Fees paid for certain UCC and deed filings and discharge recordings.
32. Payroll Services – Costs associated with using Paylocity, which is an external payroll system and service provider. New modules for online employee benefits administration and compensation management are being added for 2021.
33. Audit Services – Costs associated with the annual independent audits, which include the financial statements audit and A-133 compliance audit of federal programs.
34. Professional Services – Includes amounts for various contract services and consultants. The increase is due primarily to new contract services for translating program materials, rent affordability data collection, and Davis Bacon monitoring. The following are the major items budgeted for 2021:

Legal services	\$75,000
Translation services	30,000
Davis Bacon monitoring	12,000
Rent affordability data collection	12,000
Internships	15,000
Defined contribution retirement plan advisors	30,000
Information Technology security and monitoring work	50,000
Temporary employment services	35,000

Direct Program Administrative Expenses Budget – Attachment B (Bottom Section)

Direct program administrative expenses are costs that are specifically related to the administration of a particular program. Budgeted expenses for 2021 amount to \$8.8 million, which is an increase of approximately \$0.5 million over projected actual expenses for this year. The increase is attributed primarily to higher costs associated with variable rate bonds and the continued growth of the single-family loan portfolio, which contributes to higher servicing fees. The following is a summary of each expense:

1. Loan foreclosure expenses – Costs associated with foreclosing on loans, which includes expenses for attorney fees, appraisals, property inspections, clean-ups and preservation work.
2. REO expenses – Real estate owned expenses are incurred when the property title associated with a foreclosed or defaulted loan is transferred to MaineHousing. Consist of property maintenance, taxes, marketing, and other disposition costs.
3. Provision for losses on loans and REOs – Expenses associated with writing-off uncollectible loans and REO assets and are based largely on delinquency rates and the volume of loans in foreclosure.
4. Mortgage servicing fees – Fees paid to six servicers to perform loan servicing work associated with the single-family and home improvement loan portfolios. The cost increase is due mainly to an increase in the number of loans in the portfolio.
5. Loan origination expenses – Origination fee of 1.5% and servicing release fee of 0.5% paid to lenders for underwriting and closing single-family loans.

6. Bond issuance expenses – Expenses associated with preparing and selling bonds, which includes legal, underwriting, commission, printing, and registration fees.
7. Trustee/Bank fees – Fee payments to U.S. Bank for trustee services associated with the Mortgage Purchase Bond Fund (MPP).
8. Program advertising/printing – Expenses associated with promoting the first-time homebuyer and other bond-funded loan programs. Costs may include print and online venues, broadcast time, radio time and direct mail advertising.
9. Bond and mortgagee insurance – Insurance costs associated with certain MPP bonds and mortgage loan programs.
10. Variable rate bond remarketing & liquidity facilities – Costs associated with variable rate demand notes (VRDN's). Includes fees payments to remarketing agents for resetting interest rates and liquidity facilities expenses. Facility banks provide VRDN-holders with liquidity guarantees should remarketing agents be unable to find buyers. The cost increase is due to the addition of a new Standby Purchase Agreement (SPA). The additional cost will be more than offset by lower interest expense associated with related bonds.
11. Cash flow/arbitrage/swap consultants/legal – Includes costs for bond cash flows and arbitrage tax services, consulting services associated with interest rate swap instruments, and legal cost associated with SPAs.
12. Homebuyer education – Home buying education is provided to consumers in connection with the first-time homebuyer program. This training covers all aspects of the home buying process and provides consumers with knowledge about homeownership costs and responsibilities. Trainings were down in 2020 and are expected to be higher in 2021.
13. Program administrator fees– Payments to outside agents to perform administrative work associated with several programs, which include portability fee payments for the Section 8 HCV program. When voucher recipients relocate and leave MaineHousing's portfolio, the administration fees associated with the voucher are paid to the housing authority in the relocated area. The portability fee rate is increasing for 2021.
14. Section 8 security deposits and Building Family Futures incentives - In conjunction with the Section 8 HCV program, security deposits and building family futures payments are available to program participants. Payments are funded by the program's administrative fee income.

Capital Budget – Attachment C

The Capital Budget presents items that provide the agency with an economic benefit over a period of time. Items are recorded as assets and then depreciated and expensed over their estimated useful life. The proposed Capital Budget for 2021 is approximately \$385,000, which is a significant decrease due to the completion of the new office building.

Most of the capital expenditures for 2021 are for computer software items. A large portion of the budget is for replacing and upgrading the multi-family housing system. This system links the various sources of multi-family loan data throughout the agency and provide for a centralized repository of related information.

Itemization of Certain Revenues – Attachment D

This attachment is for informational purposes and presents an itemized listing of the following revenues that are presented on Attachment A: Federal rent subsidy income, Grant income (grouped by federal and non-federal programs), Fee income, and Other income.

Revenues and Expenses Budget by Fund Group – Attachment E

This attachment presents projected revenues and expenses for each of MaineHousing's seven Fund Groups, which from an accounting perspective represent separate and stand-alone entities. The purpose of this attachment is to illustrate how operating costs for 2021 will be allocated to the different internal entities and ultimately paid. Also, MaineHousing's Bond Resolution requires that a budget be prepared for the Mortgage Purchase Fund Group (MPP) as part of the agency's annual budget process. The MPP budget is presented in the second column from the left.

The total amounts presented in the left-hand column of this attachment are the same as the 2021 budget consolidated amounts presented on Attachment A.

**MAINE STATE HOUSING AUTHORITY
CONSOLIDATED REVENUES AND EXPENSES BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021**

(IN THOUSANDS OF DOLLARS)

	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase¹ (Decrease)	% Increase¹ (Decrease)
REVENUES:						
Interest from mortgages and notes	61,852	64,654	62,600	64,125	1,525	
Income from investments	8,497	8,760	2,295	1,545	(750)	
Federal rent subsidy income ²	100,983	103,615	106,267	108,780	2,513	
Grant income ²	76,676	100,911	117,114	95,533	(21,581)	
Fee income ²	9,608	10,399	10,818	10,764	(54)	
Other income ²	558	60	205	140	(65)	
Total Revenues	<u>258,174</u>	<u>288,399</u>	<u>299,299</u>	<u>280,887</u>	<u>(18,412)</u>	<u>(6%)</u>
EXPENSES:						
Operating expenses ³	17,952	19,413	18,900	19,845	945	
Direct program administrative expenses ³	8,336	8,558	8,316	8,811	495	
Interest expense	45,995	48,021	45,600	44,048	(1,552)	
Federal rent subsidy expense	100,983	103,615	106,267	108,780	2,513	
Grant expense	75,697	100,370	116,229	94,900	(21,329)	
Total Expenses	<u>248,963</u>	<u>279,977</u>	<u>295,312</u>	<u>276,384</u>	<u>(18,928)</u>	<u>(6%)</u>
Net Operating Income	<u>9,211</u>	<u>8,422</u>	<u>3,987</u>	<u>4,503</u>	<u>516</u>	<u>13%</u>

¹ 2020 Forecast Vs. 2021 Budget

² Amounts are itemized on Attachment D.

³ Amounts are itemized on Attachment B.

MAINE STATE HOUSING AUTHORITY
OPERATING AND DIRECT PROGRAM ADMINISTRATIVE EXPENSES BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2020¹

ATTACHMENT B

	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase ¹ (Decrease)	% Increase ¹ (Decrease)
Operating Expenses						
1. Salaries	9,894,378	10,258,267	10,322,516	10,828,669	506,153	
2. Payroll taxes	726,002	748,530	747,974	792,275	44,301	
3. Health, dental and other insurance benefits	2,640,917	2,839,935	2,730,581	2,619,299	(111,282)	
4. Retirement	933,019	997,726	991,827	1,070,536	78,709	
5. Other fringe benefits	13,575	12,000	6,188	10,000	3,812	
6. Office supplies	38,738	47,795	44,908	54,095	9,187	
7. Printing	116,595	128,980	112,666	118,044	5,378	
8. Membership, dues and fees	49,647	57,087	57,087	61,745	4,658	
9. Subscriptions	18,773	21,565	21,565	22,660	1,095	
10. Sponsorships	11,500	20,000	13,500	13,500	0	
11. Staff Education/Training/Conferences	125,208	193,918	76,964	188,374	111,410	
12. Travel/Meals - Staff Educ/Train/Conferences	118,353	163,363	52,080	149,603	97,523	
13. Partner/Client Trainings/Meetings	143,881	49,950	11,244	113,947	102,703	
14. Travel/Meals - Partner/Client Train/Meetings	120,839	121,675	28,464	92,650	64,186	
15. Staff events	23,706	22,100	11,462	20,450	8,988	
16. Meals - Staff events	19,872	27,475	14,692	28,350	13,658	
17. Leased vehicles	126,353	134,500	121,228	141,429	20,201	
18. Computer supplies	63,542	66,000	66,000	19,300	(46,700)	
19. Software licenses SAAS	123,607	150,611	167,672	177,415	9,743	
20. Computer maintenance contracts	607,262	661,492	623,350	622,493	(857)	
21. Building rent & utilities	848,574	429,437	425,332	0	(425,332)	
22. Building repairs and maintenance	71,051	49,900	49,900	0	(49,900)	
23. Interest expense - new office building	0	511,944	511,944	491,495	(20,449)	
24. Property expenses - new office building	91,121	219,775	287,001	410,779	123,778	
25. Depreciation	233,841	600,000	610,828	940,000	329,172	
26. Rent - other	31,639	34,130	34,130	34,130	0	
27. Telephone	63,490	72,938	135,716	125,384	(10,332)	
28. Employment advertisements	3,144	3,900	3,900	3,400	(500)	
29. Postage and shipping	94,075	90,510	92,656	97,050	4,394	
30. Insurance	89,480	89,074	85,814	90,935	5,121	
31. Recording fees	1,920	1,000	1,000	1,300	300	
32. Payroll services	25,192	27,300	27,300	36,075	8,775	
33. Audit services	141,000	147,800	147,800	153,800	6,000	
34. Professional services	341,561	411,859	265,162	316,088	50,926	
Total Operating Expenses	17,951,855	19,412,536	18,900,451	19,845,270	944,819	5%
Direct Program Administrative Expenses						
1. Loan foreclosure expenses	307,122	400,000	160,000	200,000	40,000	
2. REO expenses	46,046	50,000	45,000	50,000	5,000	
3. Provision for losses on loans and REOs	61,041	225,000	150,000	175,000	25,000	
4. Mortgage servicing fees	1,672,156	1,738,500	1,725,000	1,820,000	95,000	
5. Loan origination expenses	3,035,311	3,000,000	3,010,000	3,000,000	(10,000)	
6. Bond issuance expenses	629,388	750,000	900,000	900,000	0	
7. Trustee/Bank fees	166,475	157,000	155,000	158,000	3,000	
8. Program advertising/printing	158,315	170,000	145,000	147,500	2,500	
9. Bond and mortgagee insurance	16,900	15,000	15,000	15,200	200	
10. Variable rate bond remarket/liquidity facilities	1,051,802	925,000	903,000	1,175,000	272,000	
11. Cash flow/arbitrage/swap consultants/legal	616,046	585,000	585,000	600,000	15,000	
12. Homebuyer education	91,050	110,000	90,000	110,000	20,000	
13. Program administrator fees	460,691	422,000	422,000	447,000	25,000	
14. Section 8 security deposits/landlord incentives	23,946	10,500	10,500	13,000	2,500	
Total Direct Program Administrative Expenses	8,336,289	8,558,000	8,315,500	8,810,700	495,200	6%

¹ 2020 Forecast vs. 2021 Budget

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021**

ATTACHMENT C

Description	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase¹ (Decrease)	% Increase¹ (Decrease)
Computer Hardware:						
New Office Building - network switches		200,000	183,301	0		
New Office Building - network data center equipment: (firewall/racks/storage/battery backup)		163,000	171,377	0		
Phone system replacement - hardware		27,000	21,641	0		
Network backup hardware - Data Domain		0	0	50,000		
Printer		7,000	1,775	0		
Laptop replacements		0	10,795	18,000		
Total computer hardware	84,634	397,000	388,889	68,000	(320,889)	(83%)
Computer Software:						
Enterprise multi-family housing system - initial costs		100,000	0	170,000		
Coordinated Entry Portal - client list software homeless programs		10,000	0	10,000		
Mobile device management software		0	0	5,000		
Phone system replacement - software/licensing		153,000	10,625	0		
Faxing software		5,000	0	0		
Website redesign		60,000	33,000	27,000		
Web filtering server replacement		5,000	0	0		
Single Family loan servicing system modifications		10,000	0	10,000		
Single Family lender & loan tracking systems mods		10,200	0	10,200		
Hancock systems upgrades (LIHEAP & Wx Programs)		0	0	50,000		
Community Outreach Dashboard		0	0	25,000		
Salesforce software upgrades (Lead Program)		0	0	10,000		
Total computer software	79,255	353,200	43,625	317,200	273,575	627%
Office Equipment:						
New office building - workstations & furniture		800,000	782,201	0		
New office building - security & life safety equipment		25,750	46,360	0		
New office building - audio visual equipment		320,600	320,599	0		
New office building - fitness equipment		21,000	20,470	0		
New office building - network fire suppression system		22,000	22,689	0		
New office building - window shades/blinds		0	8,000	0		
Stationary folding & stuffing machine (LIHEAP Program)		0	9,237	0		
Total office equipment	981,508	1,189,350	1,209,556	0	(1,209,556)	(100%)
New Office Building: - Acquisition/Rehab	9,274,408	1,850,000	3,806,820	0	(3,806,820)	(100%)
Total	10,419,805	3,789,550	5,448,890	385,200	(5,063,690)	(93%)

¹ 2020 Forecast Vs. 2021 Budget

**MAINE STATE HOUSING AUTHORITY
ITEMIZATION OF CERTAIN REVENUES
FOR THE YEAR ENDING DECEMBER 31, 2021**

ATTACHMENT D

(IN THOUSANDS OF DOLLARS)

	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	\$ Increase¹ (Decrease)	% Increase¹ (Decrease)
Federal rent subsidy income:						
HUD Section 8 Housing Choice Vouchers	26,125	27,885	29,021	29,086		
HUD Section 8 New Construction	21,503	15,378	13,470	6,915		
HUD Section 811 - Project Rental Assistance	0	84	30	120		
HUD Section 8 Performance Based Contract Admin	52,835	59,632	63,092	71,865		
HUD Section 8 Moderate Rehabilitation	520	636	560	634		
HUD Section 8 Mainstream Vouchers	0	0	94	160		
Total Federal rent subsidy income	100,983	103,615	106,267	108,780	2,513	2%
Grant Income - Federal:						
HUD Home Investment Partnership Program (HOME)	1,390	3,655	3,870	3,870		
HUD National Housing Trust Fund	0	2,700	2,700	2,700		
HUD Homeless Management Info System	100	102	101	132		
HUD Lead-Based Hazard Program	1,232	1,073	300	1,073		
HUD Emergency Solutions Grant	2,457	1,251	1,287	1,287		
HUD Emergency Solutions Grant/COVID-19	0	0	3,000	9,628		
HUD Housing Counseling Grant	15	21	15	14		
HUD Continuum of Care Planning Grant	124	111	111	50		
HUD Tenant-Based Rental Assistant	384	379	379	424		
HUD Coordinated Entry Grant	0	34	0	0		
HUD Youth Homeless Demonstration	0	1,675	0	3,250		
HUD COVID-19 Supplemental Payments	0	0	32	0		
DHHS Low Income Home Energy Assistance (LIHEAP)	35,815	38,338	38,338	38,564		
DHHS Maine Association of Recovery Residences	0	0	450	450		
DOE Weatherization	3,326	2,598	3,034	2,590		
DOE Weatherization Training Centers	0	238	350	308		
FEMA - COVID-19 Homeless Initiatives	0	0	2,830	0		
State - Federal TANF/LIHEAP Supplement	1,873	2,700	2,700	2,825		
State - Federal TANF/Family Unification Program	21	50	6	4		
State - Federal CARES Act/Rent Relief Program	0	0	15,000	0		
Total Grant income - Federal	46,737	54,925	74,503	67,169		
Grant income - Non-Federal:						
State - Shelter Operating Subsidy	2,500	2,500	2,500	2,500		
Real Estate Transfer Taxes	20,603	18,500	18,500	19,000		
Maine Energy Housing & Economic Recovery	4,316	4,316	4,316	4,319		
Federal Home Loan Bank - Helping to House NE	0	0	500	0		
State - Home Repair Program (Arsenic)	165	190	100	90		
State - Revolving loan funds	12	0	0	0		
Utilities - Low Income Assistance Plan (LIAP)	850	1,200	1,100	1,105		
State - Lead Abatement Program	1,021	2,900	870	1,200		
State - Rapid Re-Housing Program	97	0	75	0		
State - Senior Housing G.O. Bonds	375	14,500	14,500	0		
State - Maine Association of Recovery Residences	0	1,880	150	150		
Total Grant Income - Non-Federal	29,939	45,986	42,611	28,364		
Total Grant income	76,676	100,911	117,114	95,533	(21,581)	(18%)
Fee income:						
HUD Section 8 Vouchers	2,390	2,860	3,570	2,626		
HUD Section 8 FSS	56	56	56	62		
HUD Section 8 Mod Rehab.	77	68	56	65		
HUD Section 8 New Construction	376	93	130	63		
HUD Section 8 New Construction - MPP	198	48	100	54		
HUD Section 811 - Project Rental Assistance	26	14	4	14		
HUD Section 8 PBCA	1,657	1,574	1,831	1,848		
HUD Section 8 Mainstream Vouchers	0	0	2	2		
Total HUD Section 8 Programs (all programs)	4,780	4,713	5,749	4,734		
HUD Home Investment Partnership Program (HOME)	231	406	430	430		
HUD National Housing Trust Fund	198	300	300	300		
HUD Homeless Management Info System	239	220	244	213		
HUD Lead-Based Hazard Program	116	117	117	150		
HUD Emergency Solutions Grant	138	101	105	105		
HUD Housing Counseling Grant	19	8	5	10		
HUD Continuum of Care Planning Grant	226	258	258	321		
HUD Tenant-Based Rental Assistant	25	22	22	21		
HUD Coordinated Entry Grant	30	2	9	25		
HUD Youth Homeless Demonstration	0	0	28	72		
DHHS Low Income Home Energy Assistance (LIHEAP)	1,306	1,341	1,341	1,380		
DOE Weatherization	123	102	196	229		
DOE Weatherization Training Centers	102	75	75	103		
State - Federal TANF/LIHEAP Supplement	159	300	70	280		
Utilities - Low Income Assistance Plan (LIAP)	310	290	290	290		
State - Home Repair Program (Arsenic)	25	25	10	64		
Home Modification Certification Program	10	50	13	0		
State - Lead Abatement Program	87	345	97	215		
State - Recovery House Program	0	120	0	0		
Multi-family loan origination fees	576	650	500	600		
Low income housing tax credit fees	789	833	838	1,101		
Conduit bonds servicing fees - Princeton Properties	116	116	116	116		
Other fees	3	5	5	5		
Total Fee income	9,608	10,399	10,818	10,764	(54)	(0%)
Other Income						
Real estate owned income	193	25	95	50		
Affordable Housing Conference	83	0	0	85		
Gain on Bond Redemption	228	0	0	0		
Gain on Sale of Fixed Assets	0	0	10	0		
Miscellaneous	25	5	100	5		
Participation fees HMIS	29	30	0	0		
Total Other income	558	60	205	140	(65)	(32%)

¹ 2020 Forecast Vs. 2021 Budget

**MAINE STATE HOUSING AUTHORITY
REVENUES AND EXPENSES BUDGET BY FUND GROUP
FOR THE YEAR ENDING DECEMBER 31, 2021**

ATTACHMENT E

(IN THOUSANDS OF DOLLARS)

	Total Budget 2021	Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
REVENUES:								
Interest from mortgages and notes	64,125	63,705	0	320	60	0	0	40
Income from investments	1,545	1,350	55	90	35	0	5	10
Federal rent subsidy income	108,780	0	0	0	0	108,780	0	0
Grant income	95,533	0	0	0	21,500	67,169	2,545	4,319
Fee income	10,764	654	0	1,222	0	8,401	487	0
Other income	140	50	0	90	0	0	0	0
Total Revenues	280,887	65,759	55	1,722	21,595	184,350	3,037	4,369
EXPENSES								
Operating expenses	19,845	0	0	19,845	0	0	0	0
Direct program expenses	8,811	8,284	0	60	0	227	240	0
Interest expense	44,048	43,270	0	0	0	0	0	778
Federal rent subsidy expense	108,780	0	0	0	0	108,780	0	0
Grant expense	94,900	0	0	0	21,595	67,169	2,545	3,591
Allocated operating costs	0	10,813	50	(18,714)	0	7,601	250	0
Total Expenses	276,384	62,367	50	1,191	21,595	183,777	3,035	4,369
Net Operating Income	4,503	3,392	5	531	0	573	2	0

Operating Budget - Attachment B

Asset Management Department Memorandum

To: MaineHousing Board of Commissioners

From: Robert Conroy – Director, Asset Management

Date: November 9, 2020

Subject: November Board Report - Asset Management

MaineHousing COVID Rent Relief Program - Summary of Activity

With the issuance of the latest COVID-19 Rent Relief Program Statewide being administered by the MaineHousing Energy and Housing Services (EHS) Department, the comparable rent relief program intended for MaineHousing-financed properties has now come to a close. All residents, including residents in MaineHousing-financed properties, are eligible to participate in the current EHS program.

The following is a summary of the activity we experienced in the initial program that ran from April to July and the expanded program that ran from July through September:

	Rent Relief <u>\$500</u>	Rent Relief Expanded <u>up to \$3,000</u>
<i>Number of Properties:</i>	38	41
<i>Number of Applicant Households:</i>	69	88
<i>Average Household Size (persons):</i>	2.14	2.25
<i>Average Household Monthly Income:</i>	\$1,360	\$1,650
<i>Average Household Annual Income:</i>	\$16,320	\$19,800
<i>Average Benefit Paid per Household:</i>	\$424	\$1,496
<i>Average Benefit Paid to Property:</i>	\$793	\$3,254
<i>Program Total Benefit Amount:</i>	\$30,116	\$130,147

In Portland, a 2-person income of \$24,450 equals 30% of Area Median Income (AMI) and in Lewiston a 2-person income of \$18,750 equals 30% AMI. Therefore we see that the benefit paid out through the two programs has assisted extremely low income households in maintaining their housing during this period of the COVID-19 pandemic.

Communications & Planning Department Memorandum

To: Board of Commissioners
From: Denise Lord
Date: November 9, 2020
Subject: November Board Report

At the end of October, **we welcomed our new Research Analyst, Osama Mohamed!** Osama has diverse experience in research and policy analysis using both quantitative and qualitative methodologies. His professional work has been largely focused on international issues and in his most recent position, he analyzed and identified trends in the housing markets in Beirut to assist Syrian refugees in securing affordable housing. With a master's degree in Conflict Studies from the London School of Economics and Political Science, Osama has strong data visualization and communications skills and understands the importance of using data to tell a story. Described by a former employer as “joyful”, we are very excited to have Osama as part of CPD!

Additionally, **Cara Courchesne and Steven McDermott have agreed to be team leaders heading up the two major functions of CPD.** Cara will be leading the communications and marketing efforts and Steven will be leading strategic plan implementation, policy and research analysis. As we adjust to the changes brought by COVID-19, Cara and Steven will coordinate the new and emerging priorities, maintain our focus on existing priorities, and develop and sustain our relationships with external partners.

MaineHousing in the News

- **MaineHousing was recognized with the Special Event Marketing award by the National Council of State Housing Agencies for initiatives that effectively address affordable housing challenges!** The award recognized our 50th anniversary events; you can [find our entry with details about each event here](#).
- **We received several media inquiries this month.** Inquiries included questions regarding the Home Energy Assistance Program and COVID, the COVID-19 Rental Relief Program (see below for more info), Maine courts' decision to postpone eviction hearings until March, and how the housing market (due to COVID) is creating challenges for first-time homebuyers and lower- and middle-income potential homebuyers.

COVID-19 Response

- **On Monday, November 2 CPD support the launch of another iteration of the Rent Relief Program.** This included writing and sending a press release in collaboration with the Mills Administration and the Community Action Agencies; updating program documents and ensuring they were translated into 8 additional languages; marketing the program; extensive data support; and standing the program up on our website.
- MaineHousing has entered in to an Agreement with a hotel in South Portland for use by the City of Portland to provide emergency shelter to individuals experiencing homelessness. MaineHousing will contract with the hotel and seek FEMA reimbursement under the non-

congregate sheltering waiver. The city will staff and manage the homeless services provided in the hotel.

- MaineHousing was part of a multi-disciplinary team that provided COVID-19 testing and housing resources to migrant farm workers arriving to Maine for the spruce tipping and wreath making seasons. As of Monday, November 9th nearly 400 individuals have been tested with only one individual testing positive and 16 close-contacts being identified.
- MaineHousing has been invited to a work group led by the United Way of Kennebec Valley that is working to address the challenges created by the collision of homelessness, COVID-19 and a challenging rental market.

Strategic Plan Implementation/Innovation

- MaineHousing continues conversations with the Office of Behavioral Health at the Department of Health and Human Services regarding the continuance of the Recovery Residence Pilot Program.
- HUD recently released a notice of funding availability for Recovery Housing. Maine will receive \$951,000 to increase recovery housing. Our plan for the program is due to HUD in August of 2021; we will be collaborating with DHHS on our proposal.

Staff Development and Training

- **In September, CPD launched a brand new Intranet**, which is our internal website that helps foster collegiality, share information, and provide a space for MaineHousing staff to engage with one other. This is especially helpful as remote work is about to again be the norm and staff noted in a recent survey that they miss the collegiality and connectedness being in the office provides. Recent articles and engagement have included how HCV has altered their work flow due to COVID-19 and how it is producing better results than before, tips for remote working, and important IT and HR information.

Policy and Research Update

- **Municipal Leaders communicate concerns about homelessness** in several meetings with the Governor's Office of Policy, Innovation and the Future, Department of Health and Human Services and MaineHousing. Leaders of Maine's three largest cities – Portland, Lewiston and Bangor – as well as the Mayors' Coalition shared their concerns about the effects of homelessness on the people of their communities, their ability to meet and fund the needed services, and the challenges of being the service center without the surrounding communities support or engagement. MaineHousing is working closely with DHHS to address concerns about substance user disorder, the impact on General Assistance, the 211 system and the numbers of homelessness people living unsheltered in the coming winter months.
- **Residential Care and Age Friendly Maine initiatives** continue to refine their work including the role of housing in supporting quality community and residential living for older adults.

Development Department Memorandum

To: MaineHousing Board of Commissioners

From: Mark C. Wiesendanger, Director of Development

Date: November 17, 2020

Subject: Monthly Report

2021 9% Low Income Housing Tax Credit Program (LIHTC) Applications

Scoring has been completed. Developers have been informed of any discrepancies between their self-scores and MaineHousing's scores for their respective projects. They were given until November 16th to indicate any potential errors and additional information submitted with their application that the Development Department may have missed.

Project	City/Town	Developer	Tenants	Total Units	Affordable	TDC Index	LIHTC
Senior Living at The Market Place	Augusta	Tim Gooch	Older Adults	42	42	\$ 188,531	\$ 840,000
Oak Grove Estates*	Bath	Realty Resources	Family	34	34	\$ 150,873	\$ 415,958
The Uptown	Bath	The Szanton Company	Older Adults	60	42	\$ 221,393	\$ 840,000
115 Congress St	Belfast	Developers Collaborative	Family	36	36	\$ 186,327	\$ 720,000
Harrison Ridge	Bridgton	Developers Collaborative	Older Adults	48	48	\$ 216,788	\$ 960,000
Winston Hill Townhomes	Freeport	Wishrock Fore LLC	Family	41	41	\$ 199,829	\$ 820,000
Martel School Apartments	Lewiston	Lewiston Housing (Avesta)	Older Adults	44	44	\$ 233,927	\$ 880,000
Stearns III	Millinocket	Realty Resources	Older Adults	45	45	\$ 194,183	\$ 900,000
Middle Street Apartments	Portland	CHOM	Older Adults	50	50	\$ 261,359	\$ 953,161
Front St Housing Redev Phase II	Portland	Portland Housing	Older Adults	45	45	\$ 260,124	\$ 900,000
337 Cumberland Ave	Portland	Portland Housing	Family	60	48	\$ 246,882	\$ 960,000
Valley Street Apartments	Portland	Avesta Housing	Family	60	48	\$ 250,332	\$ 960,000
The Uplands (Phase 2)	Scarborough	Developers Collaborative	Older Adults	39	39	\$ 190,963	\$ 780,000
Jocelyn Place	Scarborough	South Portland Housing	Older Adults	60	60	\$ 229,169	\$ 960,000
Mary Street Apartment Homes	Skowhegan	Kennebec Valley CAP	Family	40	35	\$ 204,347	\$ 699,999
<i>*denotes preservation set-aside</i>				704	657	\$ 215,668	\$12,589,118

2021 Credit Ceiling \$ 3,850,000

Applications to Credit Availability Ratio ----- 3.27

In addition to the available 9% credits, we will also make available the State Low Income Housing Tax Credit program which, when combined with the 4% tax credit, should substantially increase the number of funding awardees this fall. The two funding options are comparable in their ability to fund projects and will be used interchangeably when possible so that we might make the most efficient use of all of our funding.

2020 Supportive Housing Program

Pre-Applications were received on October 15th. Construction Services has completed site visits of all projects, and all Applicants have been encouraged to submit Full Applications. Full Applications are due December 17th.

Address	City/Town	Developer	Supportive Units	Total Units
11 Pine St	Fryeburg	Avesta Snow Street	6	28
17 Warren St	Rockland	Knox County Homeless Coalition	2	2
34 Ohio St	Bangor	CHOM	6	6
200 Livermore Falls Rd	Farmington	Safe Voices	3	3
30 Bates Dr	Hinckley	Good Will-Hinckley	6	6
18 Green St	Augusta	Motivational Services, Inc.	8	8
67 Summer St	Dover-Foxcroft	Penquis CAP	7	7
North Main St	Brewer	Penquis CAP		7

Staffing

Development is currently interviewing candidates to fill a vacant Loan Officer position, and hopes to make an offer to a qualified person shortly.



Energy & Housing Services Department Memorandum

To: MaineHousing Board of Commissioners
From: Daniel Drost, Director of Energy and Housing Services
Date: November 17, 2020
Subject: EHS Monthly Report – November 2020

HOME ENERGY ASSISTANCE PROGRAM (HEAP)

PRODUCTION STATISTICS FOR PROGRAM YEAR 2021 (BEGUN AUGUST 24, 2020)

Number of Applications	PY 2021 THRU 11.3.2020	PY 2020 THRU 11.15.2019	+/-	% change
Total Applications Taken	17,688	20,000	-2,312	-11.6%
Confirmed Eligible/Paid	6,691	4,946	+1,745	+35.3%
Pending (in process)	9,702	13,729	-3	-3.6%
Other (ineligible, denied, void, etc.)	1,295	1,325	-30	-2.3%

Program Year 2021 HEAP Funding:

On November 5, 2020, the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services (OCS), Division of Energy Assistance (DEA), announced the release of approximately \$3.36 billion of Federal Fiscal Year (FY) 2021 regular block grant funding to HEAP grantees. MaineHousing was awarded \$34,990,959 and Maine's Tribal Organizations were awarded \$1,328,011, for a total of \$36,318,970 for Maine. This funding is provided under a Continuing Resolution that provides funding for HEAP until December 11, 2020. This release reflects 90% of the total or annualized amount of funds available under the Continuing Resolution to HEAP grantees at the beginning of the program year. The amount of regular block grant funding for HEAP for PY2021 will be a very slight (~\$17,000) increase in regular HEAP funding awarded to MaineHousing for PY2020.

In anticipation of receiving flat funding, and in order to support issuing regular PY2021 HEAP benefits as quickly as possible, MaineHousing established the PY2021 dollars per point on November 4, 2020. Multiple factors are considered when establishing the annual HEAP dollars per point, including funding level, HEAP trending data, forecasted usership, and average heating fuel prices. There was a 5% increase in the number of households that received a regular HEAP benefit in PY2020 compared to PY2019. Based on this increase, taking the current state of the COVID-19 health situation into consideration, and with increases in HEAP income eligibility levels, MaineHousing is forecasting a 6% (1,956) increase in the number of households that receive a regular HEAP benefit in PY2021 compared to PY2020. With the PY2021 HEAP award amount being nearly the same as in PY2020 and with the forecasted increase in the number of households that may receive a regular HEAP benefit, the PY2021 dollars per point are slightly less than in PY2020. The average PY2020 HEAP benefit was \$793 and the average PY2021 HEAP benefit is forecasted to be \$711.

Nearly 70% of households that participate in HEAP use oil or kerosene to heat their homes. With prices for these fuels being significantly lower in 2020 compared to 2019 (October 2019- statewide average of \$2.65/gallon for heating oil compared to October 2020- statewide average of \$1.87/gallon as reported by the Governor's Energy Office), MaineHousing anticipates that the majority of households participating in HEAP will have increased purchasing capacity for home heating fuel, despite a reduction in the forecasted average HEAP benefit.

2021 DOE Weatherization Assistance Program (WAP) State Plan:

Energy and Housing Services is gearing up to generate and submit the 2021 DOE WAP State Plan. The Plan outlines key elements and activities that will be implemented for DOE WAP PY2021 that commences on April 1, 2021, including: budget, anticipated production, health and safety plan, and training & technical assistance plan. The 2021 DOE State Plan Public Hearing will be scheduled for the December 15, 2020 MaineHousing Board of Directors meeting and EHS is working to submit the final, approved 2021 DOE State Plan to DOE by the end of December 2020 to help ensure that contracts are fully executed with Subgrantees by April 1, 2021.

Home Accessibility and Repair Program (HARP):

MaineHousing's Home Accessibility and Repair Program assists low-income homeowners with necessary home repairs in the form of a grant. Production slowed down during the early onset of the pandemic but the Community Action Agencies made a quick turn around and production remains constant. The HARP program has 236 projects either completed or in progress (143 completed and 93 in progress). Of the 236 projects, 51% were "emergency" projects and many of these projects are a result of the pandemic. The pandemic required many families to remain home (adults working from home and children homeschooling) forcing septic systems to function at maximum capacity and the systems failed. Also during this unprecedented pandemic Maine has been experiencing a draught causing many wells to run dry. MaineHousing estimates we will complete approximately 245 projects by the end of the year.

Federal Lead Hazard Reduction Grant Program:

MaineHousing's HUD Lead Hazard Reduction Program (LHRP) period of performance is February 3, 2020 through August 3, 2023. The LHRP provides grants to homeowners and owners of rental properties in Maine to help make their homes and rental properties lead safe. Priority for these program funds are granted to abatement projects for housing in which a child resides and who has been determined to have an elevated blood lead level. As of October 31, 2020, MaineHousing has cleared 6 units lead free, there are 81 units in progress and 101 units in the pipeline.

Federal Healthy Homes and Weatherization Coordination Demonstration Program:

HUD issued a Notice of Funding Availability (NOFA) for a HUD Healthy Homes and Weatherization Coordination Demonstration Program Grant. The purpose of this grant is to provide healthy home interventions in low-income households that are conducted jointly through the coordination of HUD's Office of Lead Hazard Control and Healthy Homes funded Lead Hazard Control/Healthy Homes programs and programs funded by the U.S. Department of Energy's Weatherization Assistance Program to determine if this coordinated delivery of services achieves cost effectiveness and better outcomes in improving the safety and energy efficiency of homes. MaineHousing's Energy and Housing Services Department has submitted an application requesting \$1,000,000 for this 36-month grant period to conduct healthy home interventions in 72 units across the state.

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: November 10, 2020

Subject: Monthly Report – Finance Department

ACCOUNTING AND FINANCIAL REPORTING (AFR):

- The agency's preliminary budgets for 2021 have been completed. The Accounting and Financial Reporting staff worked closely with the various departments to compile the necessary information for inclusion in the agency-wide budgets. A report on the preliminary 2021 budgets has been prepared and is included in this month's packet. The budget report will be presented and reviewed at the meeting for your input and feedback. A final budget report will be presented for a vote at the December meeting.
- The general ledger closing for the third quarter-end was completed and the financial statements for the nine-month period ended September 30, 2020 are being finalized. Draft financial statements have been prepared and the preliminary results are included in the Financial and Budget Results section of this packet.
- The audit of MaineHousing's federally funded programs for the year ended December 31, 2019 is currently being finalized. Baker Newman & Noyes has provided a draft report. This report contains no audit findings or questioned costs and an unmodified (a.k.a. "clean") auditors' opinion, which means that MaineHousing has administered the federal programs in compliance with federal guidelines and requirements. The final audit reports are expected within the next week or two and they will be included in next month's packet.

The federal compliance audit typically needs to be completed and filed with the federal Single Audit Clearinghouse and the HUD Real Estate Assessment Center (REAC) within nine months after year end. However, an automatic extension of three months is available to file with the Single Audit Clearinghouse and six months to submit to REAC because of COVID-19. These reporting requirements will be met.

- Planning and preparation has begun for this year's annual audit of the financial statements. The necessary records and information are being compiled and prepared for the auditors. A planning meeting with the auditors will be held later this month and they will begin the interim phase of the audit. This phase involves documenting and assessing internal controls and performing various audit procedures on the September and October account balances. The year-end audit work will take place over an eight-week period starting in February, 2021. The auditors will be conducting their work remotely because of COVID-19.

LOAN ADMINISTRATION:

- Through the end of October, 420 borrowers have been provided COVID-19 financial hardship assistance with either a forbearance or through the Maine HOPE Program (377 forbearances and 43 Maine HOPE).

Of the 420 borrowers assisted, 195 or 46% have brought their loan current and are no longer in forbearance or delinquent status.

MaineHousing's single-family loan portfolio consist of approximately 11,000 borrowers and amounts to \$972 million. The 225 loans in forbearance at the end of October amount to approximately \$23.3 million and represents about 2.4% of the portfolio. The Mortgage Bankers Association reported that the national forbearance rate was 5.83% as of the end of October.

The total rate for all delinquent single-family loans continues to remain stable and is 7.09% as of the end of October. The total delinquency rate at the beginning of the year was 7.15%, which was among historically low levels for the agency.

- Staff have been working on the annual Housing and Urban Development (HUD) and Rural Development (RD) Quality Control Review for the portfolio of loans that is being sub-serviced by Mortgage Servicing Solutions (MSS). This is a system and operational review of MSS's servicing procedures and it entails conducting interviews with MSS's key personnel to ensure staff are knowledgeable of HUD and RD servicing requirements and that they are adhering to their respective processing guides. It also involves performing individual loan file reviews to confirm that MSS is compliant with HUD and RD guidelines and that the procedures they have in place are sufficient and proper. The review is being conducted remotely this year because of COVID-19 and is expected to be completed by the end of November.

Finance Department Memorandum

To: Board of Commissioners

From: Darren R. Brown

Date: November 10, 2020

Subject: Monthly Financial and Budget Report

FINANCIAL RESULTS

Attached are the Balance Sheets and Statements of Revenues, Expenses, and Changes in Net Assets for the nine-month period ended September 30, 2020.

MaineHousing's programs are accounted for in Fund Groups, based on funding sources. For financial reporting purposes, each Fund Group is a separate and standalone entity. There are seven Fund Groups and the individual Balance Sheets and Statements of Revenues, Expenses and Changes in Net Assets for each are presented in columns on the attachments (pages 1 and 2). The following is a summary of MaineHousing's total combined financial position and operating results for the current year and a brief explanation for the changes between the current and prior year net operating results.

Total combined assets are approximately \$2.0 billion and total combined liabilities approximate \$1.7 billion. Total net assets amount to approximately \$375 million. Total combined revenues approximate \$198.5 million and total expenses amount to \$192.3 million, which results in net operating income of \$6.2 million. For this nine-month period in 2019, total combined net operating income was \$21.5 million. Net operating income is \$15.3 million lower in 2020. The net operating income decrease is attributed primarily to the following:

Current year net operating income for the Mortgage Purchase Fund (MPP), MaineHousing's largest fund group, is \$1.9 million compared to net operating income of \$11.1 million in 2019. MPP's net operating income has decreased by \$9.2 million due largely to a change in the carrying values of non-mortgage investments. A paper loss of \$0.1 million was recognized in 2020, which represents a decrease of \$4.6 million compared with a paper gain of \$4.5 million recorded in 2019. The change associated with the recording of paper gains and losses is attributed to interest rate changes during the year.

The recording of paper gains and losses is required for accounting purposes. However, because MaineHousing does not actively buy and sell related investments, actual gains and losses will not occur and these amounts are ignored by the rating agencies, bond analysts, and management when assessing profitability.

Excluding the paper gains, MPP's net operating income is \$2.0 million as of September 30, 2020 compared to \$6.6 million at the end September 2019. This \$4.6 million reduction is due mainly to a substantial decrease in interest rates and lower interest income from non-mortgage investments, which is \$4.5 million lower this year.

The HOME Fund also has lower net operating income in 2020. MaineHousing's portion of the real estate transfer taxes and shelter operating subsidy received from the State are accounted for in this Fund

Group, which has a \$0.5 million net operating income at the end of September. This is a decrease of \$5.5 million compared to net operating income of \$6.0 million at the end of September 2019. The decrease is attributed to timing differences with the expending of program funds and the recognition of grant expenses. Total income from the State this year is consistent with 2019. However, total grant expenses are \$6.0 million higher at this point.

BUDGET RESULTS

Also attached are the budget variance results for the period ended September 30, 2020. These results are summarized and presented on the attachments described below:

OPERATING REVENUES AND EXPENSES BUDGET

MaineHousing has two primary business segments, which consist of mortgage lending activities and the administration of federal and other programs. All operating and program administrative costs are paid by either the net interest income from mortgage lending activities, which is the difference between interest income earned from mortgage and non-mortgage investment assets and the interest paid on bonds, or fee income received for the administration of federal and other programs.

The Operating Revenues and Expenses Budget, **Attachment A**, presents the revenues available to pay operating and program administrative expenses. It also presents the aggregate operating and program administrative expenses. Total budgeted revenues for 2020 are \$83.5 million and total expenses are budgeted at \$75.1 million. Total actual revenues as of September 30, 2020 amount to \$56.6 million, while total expenses amount to \$53.8 million. For the nine-month period ended September 30, 2020, revenues exceed expenses by \$2.8 million.

Revenues are running below budget due to substantially lower interest income from non-mortgage investments. Interest rates have decreased during the year and average yields from investments are lower than budget projections. Interest income from mortgages is also running under budget due to lower than projected outstanding loan balances. Balances are lower because of a much higher level of single-family loan prepayments.

Expenses are also running below budget. Interest expense is under budget as a result of lower interest rates on new bond issues and a higher level of bond redemptions, which has lowered outstanding balances. Operating and other program administration expenses (the first two expense lines) are also running under budget. These expenses are itemized on **Attachment B** and summarized below:

OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES

MaineHousing's overhead and operational costs for the year as well as other program administrative expenses, which are costs that are specifically and exclusively related to a particular program, are itemized on **Attachment B**.

Total 2020 operating expenses are budgeted at approximately \$19.4 million. As of September 30, 2020, approximately \$14.3 million or 74% of the total operating budget has been used. Total other program administrative expenses are budgeted at \$8.6 million and actual expenses amount to \$5.7 million.

Operating expenses are running under budget and are estimated to be below budget for the year by approximately \$520,000 due largely to the impact that COVID-19 has had on certain expenses. Expenses associated with staff trainings and conferences, partner and client trainings and meetings, and staff events are well below budget due to COVID-19 restrictions on gatherings and travel. Expenditures in these areas are projected to be under budget by a combined amount of approximately \$385,000.

Salaries are running higher than budget at this point because employees have taken less earned time, which has caused the related accrued liability to increase and exceed the budget by \$65,000.

Telephone expenses are over budget due to the acquisition of a new phone system. For budget purposes, costs for the new phone system were identified as capital expenditures and were included in the 2020 Capital Budget. However, a cloud-based system was acquired and the associated monthly costs do not meet capitalization requirements and must be treated as operating expenses. Although telephone expenses will be over budget by approximately \$60,000 for the year, capital expenditures for the phone system will be under budget by approximately \$150,000.

Expenses for professional services are expected to be under budget for the year by approximately \$150,000. Amounts for outsourcing legal and other consultant work and temporary employment services will not be needed to the extent originally anticipated.

Other Program Administrative expenses are also running under budget and are projected to be below budget by \$240,000 for the year. Single-family loan defaults and foreclosures activity are below budget estimates and related costs (first 3 lines) are expected to be under budget by a combined amount of approximately \$320,000. Bond issue costs will exceed the budget by \$150,000. The budget was based on a total of five bond issuances during the year and there will be six.

CAPITAL BUDGET

The Capital Budget, **Attachment C**, presents items that provide an economic benefit to MaineHousing over a period of time. Items are recorded as assets and depreciated over their estimated useful life. The total authorized capital budget for 2020 is approximately \$3.8 million. Expenditures amounted to \$5 million as of September 30, 2020 and were primarily for renovation work and equipment for the new office building.

The overage for the renovation work on the new building is due to timing differences. The total budget amount for the acquisition and renovation of the office building has not changed from \$15.7 million. Expenditures have been incurred over three years starting in 2018 and the timing of expenditures had to be estimated each year for budget purposes.

For 2019, expenditures amounted to \$9.3 million and were under budget by \$2.8 million. However, only \$0.8 million was carried forward and included in the 2020 Capital Budget because at the time the budget for 2020 was prepared expenditures for 2019 were expected to be \$2 million higher. As a result, 2020 expenditures will be \$2 million higher than budget and will amount to approximately \$3.8 million.

The overages for the building's security and safety and data center equipment are attributed to similar timing differences noted for the building renovation work. Although an overage is reflected in this year's budget, both items are within their established project budget amounts.

Most of the \$353,000 budgeted for computer software this year will not be used. As noted in the operating expenses section, the amount for the phone system will not be used because a cloud-based system was acquired. Also, the amount for the enterprise multi-family will not be used this year and is being carried forward to the 2021 Capital Budget.

MEMBERSHIPS, DUES AND SPONSORSHIP

In accordance with MaineHousing's Contributions Policy, all payments for memberships, dues and sponsorship are required to be reported to the Commissioners each month as part of the budget variance reports. **Attachment D** presents an itemized listing of the membership, dues, and sponsorship expenses as of September 30, 2020.

MAINE STATE HOUSING AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 2020
(IN THOUSANDS OF DOLLARS)

	Memorandum Only Combined Totals		Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
	2019	2020							
ASSETS:									
Cash, principally time deposits	41,693	37,107	18,796	1	12,125	13	6,172	0	0
Investments	431,798	458,181	406,900	8,067	21,072	17,914	0	2,131	2,097
Accounts receivable - Federal	3,132	6,813	0	0	0	0	6,813	0	0
Assets held for sale	3,671	2,600	0	0	0	2,600	0	0	0
Accrued interest and other assets	15,666	21,597	8,506	0	43	4,434	6,007	0	2,607
Mortgage notes receivable, net	1,413,236	1,462,440	1,421,651	0	5,909	25,303	0	0	9,577
Other notes receivable, net	258	223	0	0	213	0	0	10	0
Land, equipment and improvements, net	8,400	18,043	22	0	18,021	0	0	0	0
Other real estate owned	505	112	112	0	0	0	0	0	0
Accumulated decrease in fair value of hedging derivatives	12,838	22,311	22,311	0	0	0	0	0	0
Deferred pension expense	616	610	326	2	56	0	0	226	0
Deferred amount on debt refundings	3,894	3,272	3,272	0	0	0	0	0	0
Total Assets	1,935,707	2,033,309	1,881,896	8,070	57,439	50,264	18,992	2,367	14,281
LIABILITIES AND NET ASSETS:									
Accrued interest payable	17,176	16,659	16,404	0	0	0	0	0	255
Accounts payable - Federal	420	345	0	0	0	0	345	0	0
Accounts payable & accrued liabilities	2,360	3,169	417	2	2,661	0	89	0	0
Unearned income	7,406	12,451	0	0	0	332	630	11,489	0
Net pension liability	2,283	2,282	1,222	7	209	0	0	844	0
Deferred pension credit	1,016	867	464	3	79	0	0	321	0
Derivative instrument - interest rate swaps	12,838	22,311	22,311	0	0	0	0	0	0
Interfund	0	0	3,449	14	(1,459)	(5,227)	12,623	(9,400)	0
Mortgage bonds and notes payable, net	1,527,723	1,599,951	1,557,394	0	19,818	0	0	0	22,739
Deferred grant income	0	0	0	0	0	0	0	0	0
Deferred loan origination points	27	24	24	0	0	0	0	0	0
Total Liabilities	1,571,249	1,658,059	1,601,685	26	21,308	(4,895)	13,687	3,254	22,994
NET ASSETS:									
Restricted Net Assets	329,029	339,119	280,211	8,044	0	55,159	5,305	(887)	(8,713)
Unrestricted Net Assets	35,429	36,131	0	0	36,131	0	0	0	0
Total Net Assets	364,458	375,250	280,211	8,044	36,131	55,159	5,305	(887)	(8,713)
Total Liabilities and Net Assets	1,935,707	2,033,309	1,881,896	8,070	57,439	50,264	18,992	2,367	14,281

MAINE STATE HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020
(IN THOUSANDS OF DOLLARS)

	Memorandum Only Combined Totals		Mortgage Purchase Fund Group	Bondholder Reserve Fund	General Fund	HOME Fund	Federal Programs Fund	Other Funds	Maine Energy Housing & Economic Recovery Funds
	2019	2020							
REVENUES:									
Interest from mortgages and notes	46,259	47,135	46,812	0	242	51	0	0	30
Income from investments	7,139	2,061	1,773	27	143	88	3	10	17
Net increase (decrease) in the fair value of investments	4,600	(98)	(85)	0	(13)	0	0	0	0
Fee income	6,833	7,197	205	0	331	0	6,441	220	0
Other revenue	130	412	5	0	146	261	0	0	0
Grant income	31,642	43,429	0	0	0	1,674	39,647	2,108	0
Income from State	17,429	17,902	0	0	0	13,586	0	0	4,316
Federal rent subsidy income	75,578	80,249	0	0	0	0	80,249	0	0
Gain on bond redemption	135	205	205	0	0	0	0	0	0
Total Revenues	189,745	198,492	48,915	27	849	15,660	126,340	2,338	4,363
EXPENSES:									
Operating expenses	13,369	14,294	0	0	14,294	0	0	0	0
Other program administrative expenses	4,475	4,372	4,119	0	0	0	152	101	0
Mortgage servicing fees	1,227	1,278	1,263	0	15	0	0	0	0
Provision for losses on loans	76	166	0	0	11	155	0	0	0
Losses on foreclosed real estate	0	0	0	0	0	0	0	0	0
Interest expense	34,456	34,526	33,853	0	0	0	0	0	673
Grant expense	38,910	57,369	0	0	0	15,033	39,737	2,108	491
Federal rent subsidy expense	75,757	80,299	0	0	0	0	80,299	0	0
Loss on bond redemption	0	0	0	0	0	0	0	0	0
Excess arbitrage	0	0	0	0	0	0	0	0	0
Allocated operating costs	0	0	7,758	46	(12,827)	0	4,904	119	0
Total Expenses	168,270	192,304	46,993	46	1,493	15,188	125,092	2,328	1,164
Net Operating Income (Loss)	21,475	6,188	1,922	(19)	(644)	472	1,248	10	3,199
Transfers between funds, net	0	0	0	0	456	(43)	(413)	0	0
Change in net assets	21,475	6,188	1,922	(19)	(188)	429	835	10	3,199
Net assets at beginning of year	342,983	369,062	278,289	8,063	36,319	54,730	4,470	(897)	(11,912)
Net assets at end of period	364,458	375,250	280,211	8,044	36,131	55,159	5,305	(887)	(8,713)

**MAINE STATE HOUSING AUTHORITY
OPERATING REVENUES AND EXPENSES BUDGET VARIANCE REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

(IN THOUSANDS OF DOLLARS)

	Mortgage Lending Activities Actual	Federal & Other Program Administration Actual	Total Combined Actual	Total Annual Budget	Total Under/(Over)	% Variance
REVENUES:						
Interest from mortgages and notes	47,054	0	47,054	64,555	17,501	27%
Income from investments	1,943	13	1,956	8,479	6,523	77%
Fee income	536	6,661	7,197	10,399	3,202	31%
Other revenue	356	0	356	60	(296)	493%)
Total Revenues	49,889	6,674	56,563	83,493	26,930	32%
EXPENSES:						
Operating expenses	9,271	5,023	14,294	19,413	5,119	26%
Other program administrative expenses	5,408	253	5,661	8,558	2,897	34%
Interest expense	33,853	0	33,853	47,100	13,247	28%
Total Expenses	48,532	5,276	53,808	75,071	21,263	28%
Excess Revenues Over Expenses	1,357	1,398	2,755	8,422	5,667	67%

MAINE STATE HOUSING AUTHORITY
OPERATING AND OTHER PROGRAM ADMINISTRATIVE EXPENSES
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

ATTACHMENT B

	Total Annual Budget	Total Year to Date Actual	Budget Available	Percentage of Budget Available
Operating Expenses				
Salaries	10,258,267	7,916,267	2,342,000	23%
Payroll Taxes	748,530	563,406	185,124	25%
Retirement	997,726	760,702	237,024	24%
Medical and Life Insurance	2,839,935	2,018,776	821,159	29%
Other Fringe Benefits	12,000	5,768	6,232	52%
Office Supplies	47,795	29,015	18,780	39%
Printing	128,980	86,331	42,649	33%
Membership and Dues	57,087	47,761	9,326	16%
Subscriptions	21,565	12,737	8,828	41%
Sponsorships	20,000	5,000	15,000	75%
Staff Educ/Train/Conf	193,918	55,361	138,557	71%
Travel/Meals - Staff Educ/Train/Conf	163,363	40,093	123,270	75%
Partner/Client Train/Meetings	49,950	12,694	37,256	75%
Travel/Meals - Partner/Client Training	121,675	17,193	104,482	86%
Staff Events	22,100	7,643	14,457	65%
Meals - Staff Events	27,475	8,932	18,543	67%
Leased Vehicles	134,500	81,554	52,946	39%
Computer Supplies	66,000	58,279	7,721	12%
Computer License SAAS	150,611	145,042	5,569	4%
Building Rent & Utilities	429,437	425,332	4,105	1%
Rent-Other	34,130	24,491	9,639	28%
Repairs and Maintenance	49,900	49,793	107	0%
Computer Maintenance	661,492	415,944	245,548	37%
Depreciation	600,000	373,488	226,512	38%
Telephone	72,938	89,979	(17,041)	(23%)
Employment Advertising	3,900	3,069	831	21%
Postage and Shipping	90,510	72,382	18,128	20%
Insurance	89,074	69,198	19,876	22%
Recording Fees	1,000	980	20	2%
Payroll Services	27,300	20,214	7,086	26%
Audit Services	147,800	100,000	47,800	32%
Building Interest Expense	511,944	385,104	126,840	25%
Property Expenses	219,775	212,078	7,697	4%
Professional Services	411,859	179,668	232,191	56%
Total Operating Expenses	19,412,536	14,294,274	5,118,262	26%
Other Program Administrative Expenses				
Loan foreclosure expenses	400,000	79,772	320,228	80%
REO expenses	50,000	33,834	16,166	32%
Mortgage Servicing fees	1,738,500	1,277,484	461,016	27%
Provision for losses on loans & REOs	225,000	11,262	213,738	95%
Loan Origination expenses	3,000,000	1,921,510	1,078,491	36%
Bond Issuance Costs	750,000	720,334	29,666	4%
Trustee/Bank fees	157,000	127,334	29,666	19%
Program advertising/printing	170,000	76,220	93,780	55%
Bond and mortgagee insurance	15,000	14,974	26	0%
Variable rate bond remarket/liquidity facilities	925,000	645,102	279,898	30%
Cash flow/arbitrage/swap consultants/legal	585,000	488,121	96,879	17%
Homebuyer education	110,000	15,600	94,400	86%
Program administrator fees	422,000	238,891	183,109	43%
Section 8 security deposits/landlord incentives	10,500	10,432	68	1%
Total Other Program Administration Expenses	8,558,000	5,660,870	2,897,131	5234%

**MAINE STATE HOUSING AUTHORITY
CAPITAL BUDGET
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

ATTACHMENT C

Description	2020 Budget	2020 Actual	Budget Available	% Expended
Computer Hardware:				
New Office Building - network switches	200,000	183,301	16,699	
New Office Building - network data center equipment: (firewall/racks/storage/battery backup)	163,000	171,377	(8,377)	
Phone system replacement - hardware	27,000	21,641	5,359	
Printer	7,000	1,775	5,225	
Laptop	0	10,795	(10,795)	
Total computer hardware	<u>397,000</u>	<u>388,889</u>	<u>8,111</u>	<u>98%</u>
Computer Software:				
Enterprise multi-family housing system - initial costs	100,000	0	100,000	
Coordinated Entry Portal - client list software homeless programs	10,000	0	10,000	
Phone system replacement - software/licensing	153,000	10,625	142,375	
Faxing software	5,000	0	5,000	
Website redesign	60,000	5,638	54,362	
Web filtering server replacement	5,000	0	5,000	
Single Family loan servicing system modifications	10,000	0	10,000	
Single Family lender & loan tracking systems mods	10,200	0	10,200	
Total computer software	<u>353,200</u>	<u>16,263</u>	<u>336,937</u>	<u>5%</u>
Office Equipment:				
New Office Building - workstations & furniture	800,000	782,201	17,799	
New Office building - security & life safety equipment	25,750	46,360	(20,610)	
New Office building - audio visual equipment	320,600	320,599	1	
New Office building - fitness equipment	21,000	20,470	530	
New Office building - network fire suppression system	22,000	22,689	(689)	
Stationary folding & stuffing machine - EHS/LIHEAP	0	9,237	(9,237)	
Total office equipment	<u>1,189,350</u>	<u>1,201,555</u>	<u>(12,205)</u>	<u>101%</u>
New Office Building: - Acquisition/Rehab	<u>1,850,000</u>	<u>3,412,020</u>	<u>(1,562,020)</u>	<u>184%</u>
Total	<u><u>3,789,550</u></u>	<u><u>5,018,727</u></u>	<u><u>(1,229,177)</u></u>	<u><u>132%</u></u>

**MAINE STATE HOUSING AUTHORITY
MEMBERSHIPS, DUES, AND SPONSORSHIPS
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

	Description	Amount
Memberships and Dues		
	Kennebec Valley Human Resource Association - (2) employee annual membership	365
	Maine Real Estate & Development Association - annual membership	1,200
	Kennebec Valley Board of Realtors - annual affiliate membership	171
	Maine Association of Mortgage Professionals - annual membership	375
	Maine Bankers Association - annual affiliate membership	950
	Maine Real Estate Management Association - annual membership	125
	National Leased Housing Association - annual membership	600
	National Association for State Community Services Programs - annual membership	1,302
	National Energy Assistance Directors' Association - annual membership	6,341
	National Affordable Housing Management Association - affiliate membership	1,075
	Urban Land Institute - employee membership	240
	Notary Public - (2) employee renewal fee	100
	Association of Government Accountants - (7) employee annual memberships	770
	Association of Certified Fraud Examiners - employee annual membership	225
	Institute of Internal Auditors - employee annual membership	175
	Construction Specifications Institute - employee annual membership	325
	International Code Council - annual membership	135
	American Payroll Association - employee annual membership	258
	Project Management Institute - employee annual membership	154
	American Bar Association - (2) employee annual membership	475
	Board of Overseers of the Bar - (5) employee annual registration	1,325
	Maine State Bar Association - (3) employee annual memberships	525
	Maine Indoor Air Quality Council - annual membership	299
	Council of State Community Development Agencies - annual membership	1,500
	Society for Human Resource Management - employee annual membership	219
	Maine Society of CPAs - employee annual membership	250
	Maine State Treasurer - employee annual CPA license renewal	35
	Maine Building Officials and Inspectors Association - (6) employee membership	210
	National Council of State Housing Agencies - annual membership	28,037
	Total	<u>\$ 47,761</u>
Sponsorships		
	Northern New England Community Action - training conference sponsor	\$ 1,500
	Maine Real Estate and Development Association - conference sponsorship	1,000
	New England Resident Service Coordinator - conference sponsor	2,500
	Total	<u>\$ 5,000</u>



Finance Department Memorandum

To: Board of Commissioners
From: Darren Brown
Date: November 5, 2020
Subject: Monthly Delinquencies Report

MULTI-FAMILY DELINQUENCIES

The Multi-Family portfolio totals \$663 million with 1,126 loans as of October 31, 2020. There are no 60+ days delinquent loans, as shown in *Exhibit 1*. The delinquency rate is 0.00%. The Multi-Family delinquency rate is benchmarked against MaineHousing's historical rates, as shown in *Exhibit 2*.

HOME IMPROVEMENT DELINQUENCIES

The Home Improvement portfolio has 38 loans totaling \$89,338 as of October 31, 2020. The over 60-day delinquency rate is 12.41% and represents three loans in the amount of \$11,091. Delinquency rates for each participating lender are shown in *Exhibit 3*. Historical rates for the Home Improvement portfolio are shown in *Exhibit 4*.

SINGLE-FAMILY DELINQUENCIES

The Single-Family portfolio totals \$972 million with 10,806 loans as of September 30, 2020. The over 60-day delinquencies decreased from 4.48% to 4.39% and the in-foreclosures decreased from 0.62% to 0.56%. The over 60-day delinquencies amount to \$43 million, with approximately \$5.5 million representing accounts in foreclosure. The over 60-day and in-foreclosure historic rates are shown in *Exhibit 6*. MaineHousing's overall delinquency rate by loan dollars is 4.39%; and the overall delinquency rate by loan count is 4.38%. As reflected in *Exhibit 7*, the overall delinquency rate by loan count is below the delinquency rate for all Maine Loans.

Servicer Delinquencies – As of September 30, 2020, Bank of America, NA had the highest overall delinquency rate of 18.40%, with an in-foreclosure rate of 3.97%. Delinquencies for our largest servicer, Mortgage Servicing Solutions, decreased from 4.41% to 4.38%, while the in-foreclosure rate decreased from 0.65% to 0.58%. Bangor Savings Bank had the lowest rate of delinquencies at 2.04%. Delinquency rates for each servicer are shown in *Exhibit 5*.

Delinquencies by Insurance Type – In September 2020, FHA insured loans had the highest delinquency rate by total insurance type of 6.81%, with in-foreclosures at 0.77%. When compared to the total loan portfolio, RD insured loans had the highest delinquency rate of 2.39%, with in-

foreclosures at 0.31%. Delinquencies by insurance type and the portfolio as a whole are shown in ***Exhibit 8***.

FHA insured loans comprise 17% of the Single-Family portfolio and 26% of delinquencies, while RD insured loans comprise 58% of the portfolio and represent 54% of all delinquent loans. The current composition of the Single-Family portfolio by insurance type, along with the percentage of delinquencies by insurance type, is shown in ***Exhibit 9***.

Foreclosure Prevention Activities – ***Exhibit 10*** summarizes our foreclosure prevention activities, as well as the number of completed foreclosures. As of September 2020, we have assisted 1,271 borrowers with various foreclosure prevention options. Activity has increased in 2020 due to financial hardship requests associated with the COVID-19 pandemic.

Multi-Family Delinquent Loans

MAINE STATE HOUSING AUTHORITY MULTI-FAMILY DELINQUENCIES 10/31/2020

Section 8

BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION DATE	DELINQUENT 1 MONTH	DELINQUENT 2 MONTHS	DELINQUENT 3+ MONTHS
STEELE - FAIRFIELD FAMILY APTS	2,582.89	09/01/20	FAIRFIELD	STEELE ACADIA LLC	07/21/17	563,539.00	0.00	0.00
THE LEDGES (FKA PINE BROOK TER	5,379.28	09/01/20	OLD ORCHARD BCH	THE LEDGES AFFORDABLE HSG LP	06/30/16	629,769.00	0.00	0.00
THE LEDGES (FKA PINE BROOK TER	7,569.38	09/01/20	OLD ORCHARD BCH	THE LEDGES AFFORDABLE HSG LP	06/30/16	947,159.00	0.00	0.00
THE LEDGES (FKA LEDGEWOOD NORT	1,259.37	09/01/20	SACO	THE LEDGES AFFORDABLE HSG LP	06/30/16	147,438.00	0.00	0.00
THE LEDGES (FKA LEDGEWOOD NORT	9,900.00	09/01/20	SACO	THE LEDGES AFFORDABLE HSG LP	06/30/16	2,160,000.00	0.00	0.00
SCHOOLHOUSE COMMONS	761.14	09/01/20	WESTBROOK	LINCOLN BRIDGE ST ASSOC LP	12/18/98	55,424.00	0.00	0.00
						4,503,329.00	0.00	0.00

Rental Housing

BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION DATE	DELINQUENT 1 MONTH	DELINQUENT 2 MONTHS	DELINQUENT 3+ MONTHS
PENOBSCOT ELDER HOMES	7,750.00	08/15/20	INDIAN ISLAND	PENOBSCOT ELDER HOUSING LP	02/21/19	3,000,000.00	0.00	0.00
						3,000,000.00	0.00	0.00

Supportive Housing & Other

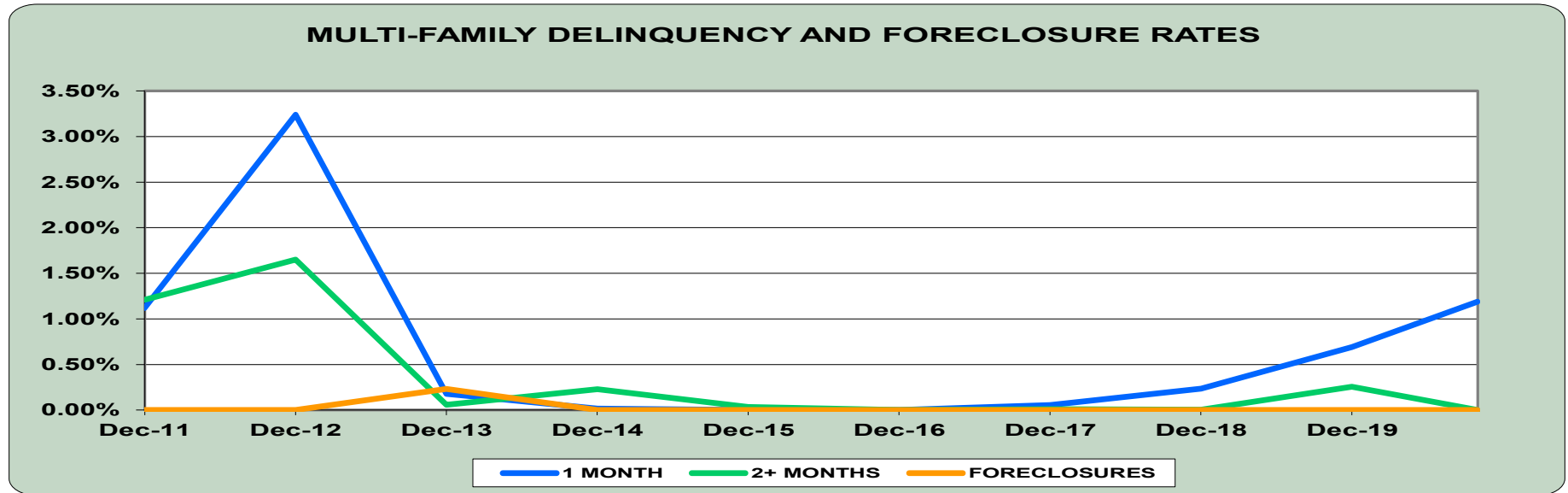
BORROWER	LEVEL PMT	PTD	LOCATION	PROJECT OWNER	ORIGINATION DATE	DELINQUENT 1 MONTH	DELINQUENT 2 MONTHS	DELINQUENT 3+ MONTHS
ROCKLAND ST, 1152	3,743.76	09/01/20	ROCKPORT	SWEETSER	10/01/09	373,567.00	0.00	0.00
						373,567.00	0.00	0.00
						7,876,896.00	0.00	0.00

Grand Total

% of Portfolio Delq 60+ days	0.00%
Total Number of Loans	1,126



Multi-Family Delinquency & Foreclosure Trends



	OUTSTANDING			1 MONTH		2+ MONTHS		FORECLOSURES	
	PRINCIPAL	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Oct-20	\$ 662,634,470	\$ 7,876,896	1.19%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-19	\$ 635,961,774	\$ 4,379,009	0.69%	\$ 1,620,600	0.25%	\$ -	0.00%	\$ -	0.00%
Dec-18	\$ 630,936,475	\$ 1,473,376	0.23%	\$ 20,600	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-17	\$ 608,939,257	\$ 319,836	0.05%	\$ 60,624	0.01%	\$ -	0.00%	\$ -	0.00%
Dec-16	\$ 579,916,852	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Dec-15	\$ 573,932,384	\$ -	0.00%	\$ 185,320	0.03%	\$ -	0.00%	\$ -	0.00%
Dec-14	\$ 513,937,525	\$ 77,568	0.02%	\$ 1,169,620	0.23%	\$ -	0.00%	\$ -	0.00%
Dec-13	\$ 506,871,177	\$ 896,386	0.18%	\$ 297,366	0.06%	\$ 1,166,866	0.23%	\$ -	0.00%
Dec-12	\$ 487,638,082	\$ 15,815,491	3.24%	\$ 8,056,115	1.65%	\$ -	0.00%	\$ -	0.00%
Dec-11	\$ 486,421,972	\$ 5,436,378	1.12%	\$ 5,875,983	1.21%	\$ -	0.00%	\$ -	0.00%



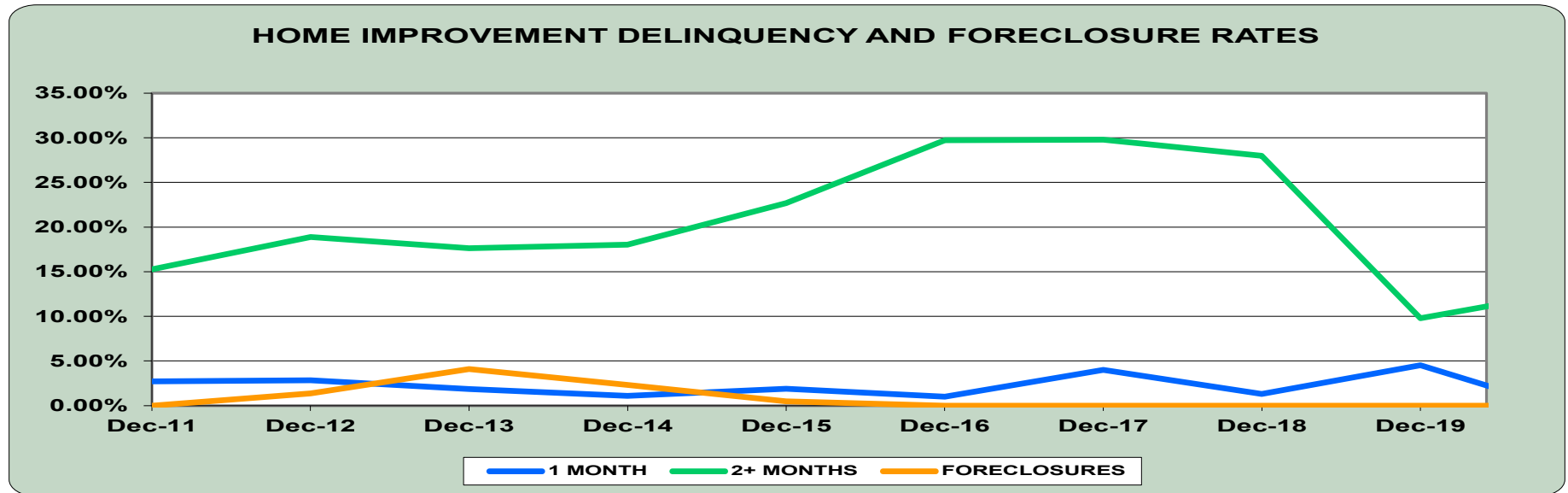
Home Improvement Delinquent Loans

Maine State Housing Authority Home Improvement Delinquencies by Lender 10/31/2020

LENDER	% of Portfolio Delq 60+ Days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS
ACAP	0.00%	3,367.65	0.00	0.00	0.00
CCI	0.00%	14,086.64	0.00	0.00	0.00
CED	0.00%	674.44	0.00	0.00	0.00
KVCAP	64.31%	3,289.07	0.00	2,115.11	0.00
PCAP	0.00%	5,279.01	0.00	0.00	0.00
WCCSA	0.00%	2,592.86	0.00	0.00	0.00
WHCAP	100.00%	962.53	0.00	0.00	962.53
BATH SAVINGS	0.00%	13,327.06	0.00	0.00	0.00
CAMDEN NATIONAL	0.00%	15,101.56	0.00	0.00	0.00
KENNEBUNK SAVINGS	100.00%	8,013.40	0.00	8,013.40	0.00
NORTHEAST BANK	0.00%	4,642.04	0.00	0.00	0.00
NORWAY SAVINGS	0.00%	4,489.50	0.00	0.00	0.00
SKOWHEGAN SAVINGS	0.00%	11,218.35	0.00	0.00	0.00
THE FIRST	0.00%	2,293.60	0.00	0.00	0.00
TOTAL	12.41%	89,337.71	0.00	10,128.51	962.53
Total Number of Loans	38				



Home Improvement Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL			1 MONTH		2+ MONTHS		FORECLOSURES	
	DOLLARS	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Oct-20	\$ 89,338	\$ -	0.00%	\$ 11,091	12.41%	\$ -	0.00%		
Dec-19	\$ 156,955	\$ 7,089	4.52%	\$ 15,363	9.79%	\$ -	0.00%		
Dec-18	\$ 301,364	\$ 3,941	1.31%	\$ 84,317	27.98%	\$ -	0.00%		
Dec-17	\$ 515,603	\$ 20,749	4.02%	\$ 153,526	29.78%	\$ -	0.00%		
Dec-16	\$ 795,184	\$ 7,930	1.00%	\$ 236,299	29.72%	\$ -	0.00%		
Dec-15	\$ 1,062,015	\$ 20,041	1.89%	\$ 240,688	22.66%	\$ 5,160	0.49%		
Dec-14	\$ 1,412,221	\$ 15,722	1.11%	\$ 254,707	18.04%	\$ 32,897	2.33%		
Dec-13	\$ 2,066,062	\$ 38,101	1.84%	\$ 364,218	17.63%	\$ 84,283	4.08%		
Dec-12	\$ 2,803,309	\$ 79,925	2.85%	\$ 529,227	18.88%	\$ 38,727	1.38%		
Dec-11	\$ 3,766,637	\$ 102,824	2.73%	\$ 576,053	15.29%	\$ -	0.00%		



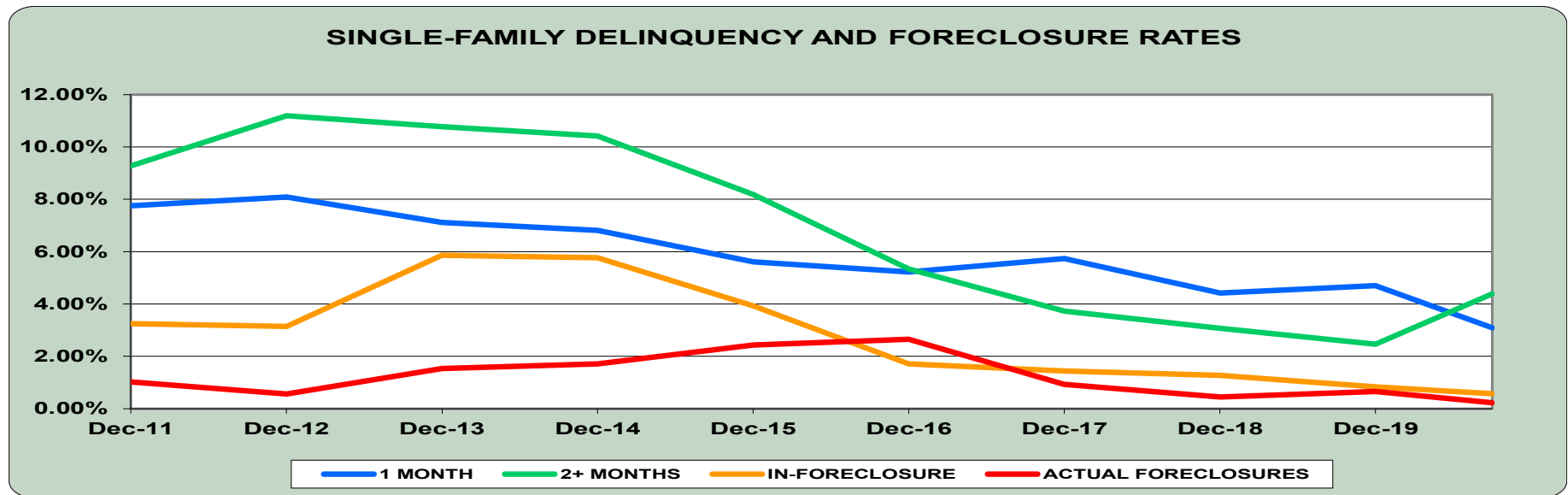
Single-Family Delinquent Loans

Maine State Housing Authority Single-Family Delinquencies by Servicer 9/30/2020

SERVICER	% OF PORTFOLIO	% of Portfolio Delq 60 + days	OUTSTANDING PRINCIPAL	----- 1 MONTH	DELINQUENT 2 MONTHS	----- 3+ MONTHS	IN- FORECLOSURE
MORTGAGE SERVICING SOLUTIONS	67.86%	4.38%	659,591,617.79	22,758,129.73	7,034,985.68	18,060,901.00	3,795,997.25
BANGOR SAVINGS BANK	15.93%	2.04%	154,830,770.00	2,728,662.22	604,537.54	2,419,622.07	137,842.09
CAMDEN NATIONAL BANK UK	9.11%	6.47%	88,576,607.81	1,807,848.99	876,039.54	4,478,236.47	376,433.25
MACHIAS SAVINGS BANK	6.02%	5.27%	58,517,441.48	2,265,989.17	668,107.75	1,624,682.80	789,764.01
BANK OF AMERICA NA	1.00%	18.40%	9,737,627.05	532,773.03	147,326.78	1,257,710.87	386,852.24
SALEM FIVE MORTGAGE CORP	0.07%	3.15%	673,601.96	0.00	0.00	21,199.38	0.00
TOTAL	100.00%	4.39%	971,927,666.09	30,093,403.14	9,330,997.29	27,862,352.59	5,486,888.84



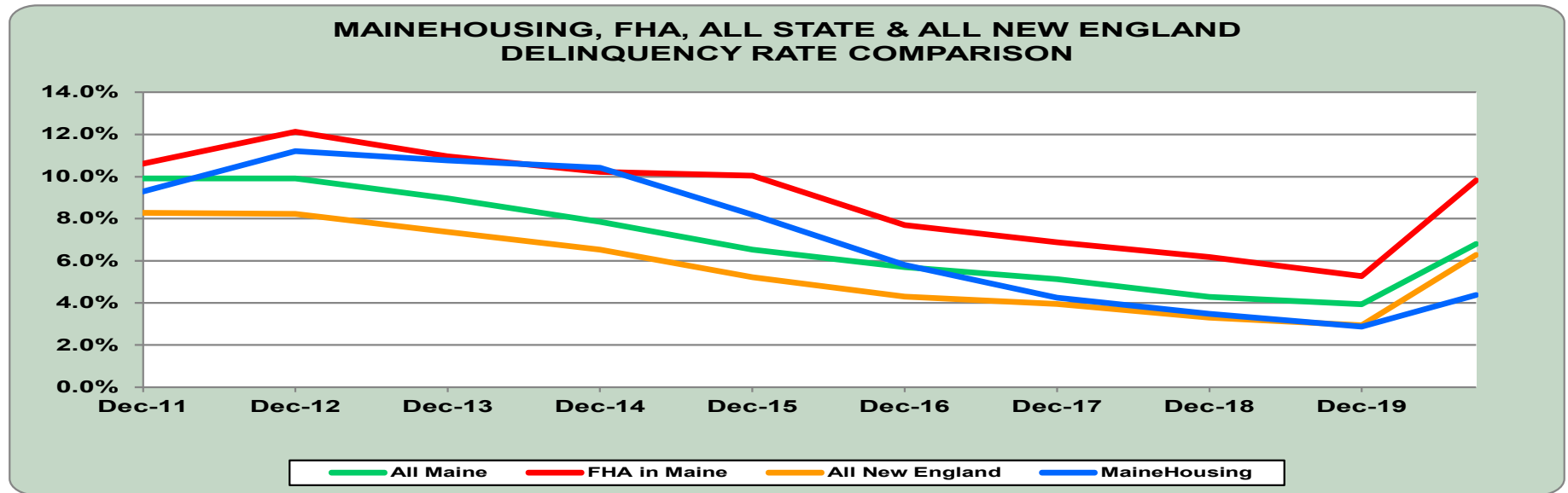
Single-Family Delinquency & Foreclosure Trends



	OUTSTANDING PRINCIPAL	1 MONTH		2+ MONTHS		IN-FORECLOSURE		ACTUAL FORECLOSURES	
		DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE	DOLLARS	RATE
Sep-20	\$ 971,927,666	\$ 30,093,403	3.10%	\$ 42,680,239	4.39%	\$ 5,486,889	0.56%	\$ 2,205,941	0.23%
Dec-19	\$ 967,171,381	\$ 45,399,415	4.69%	\$ 23,774,547	2.46%	\$ 8,037,512	0.83%	\$ 6,357,994	0.66%
Dec-18	\$ 916,608,577	\$ 40,526,473	4.42%	\$ 28,155,105	3.07%	\$ 11,647,401	1.27%	\$ 4,056,247	0.44%
Dec-17	\$ 844,497,676	\$ 48,457,930	5.74%	\$ 31,454,643	3.72%	\$ 12,099,518	1.43%	\$ 7,847,858	0.93%
Dec-16	\$ 799,557,471	\$ 41,780,468	5.23%	\$ 42,682,410	5.34%	\$ 13,625,991	1.70%	\$ 21,142,137	2.64%
Dec-15	\$ 790,409,905	\$ 44,303,365	5.61%	\$ 64,656,769	8.18%	\$ 31,066,182	3.93%	\$ 20,797,314	2.43%
Dec-14	\$ 810,139,060	\$ 55,171,703	6.81%	\$ 84,385,397	10.42%	\$ 46,711,687	5.77%	\$ 13,904,155	1.72%
Dec-13	\$ 849,385,825	\$ 60,378,599	7.11%	\$ 91,501,809	10.77%	\$ 49,783,071	5.86%	\$ 12,980,502	1.53%
Dec-12	\$ 899,788,247	\$ 72,815,090	8.09%	\$ 100,738,963	11.20%	\$ 28,237,109	3.14%	\$ 4,987,749	0.55%
Dec-11	\$ 980,359,797	\$ 75,979,115	7.75%	\$ 90,934,130	9.28%	\$ 31,846,771	3.25%	\$ 9,975,164	1.02%



Single-Family Delinquency Comparison Trends



MAINEHOUSING LOAN COUNT COMPARISON					
	<u>Loan Count</u>	<u>2 Months</u>	<u>3+ Months</u>	<u>In-Foreclosure</u>	<u>Totals</u>
All State*	115,675	1.65%	3.45%	1.70%	6.80%
FHA for State*	18,882	2.78%	5.32%	1.72%	9.82%
All New England*	1,649,251	1.92%	3.48%	0.89%	6.29%
MaineHousing**	10,806	1.01%	2.77%	0.60%	4.38%

*This information is obtained from MBA's National Delinquency Survey for the second quarter of 2020.

**MaineHousing's overall delinquency rate based on loan dollars is 4.39%, whereas rates in this exhibit are based on loan count.



Single-Family Delinquencies by Mortgage Insurer

As A Percent of Total Insurance Type

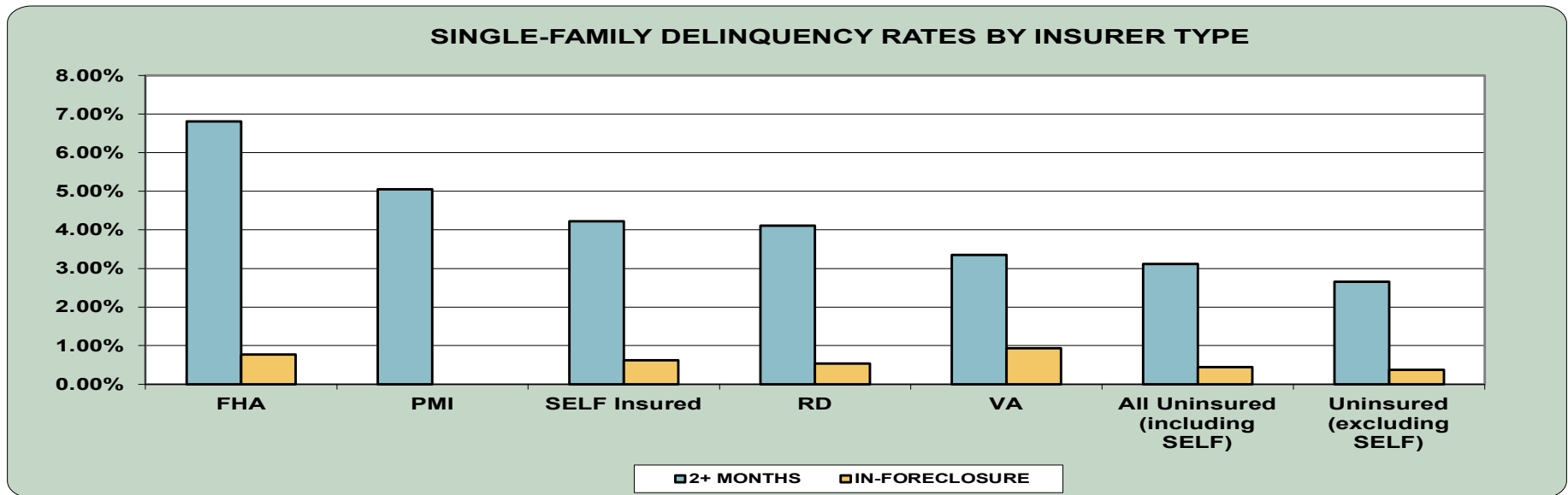
9/30/2020

TYPE	2+ MONTHS	IN-FORECLOSURE
FHA	6.81%	0.77%
PMI	5.05%	0.00%
SELF Insured	4.22%	0.62%
RD	4.10%	0.53%
VA	3.36%	0.93%
All Uninsured (including SELF)	3.12%	0.45%
Uninsured (excluding SELF)	2.66%	0.37%

As A Percent of Total Loan Portfolio

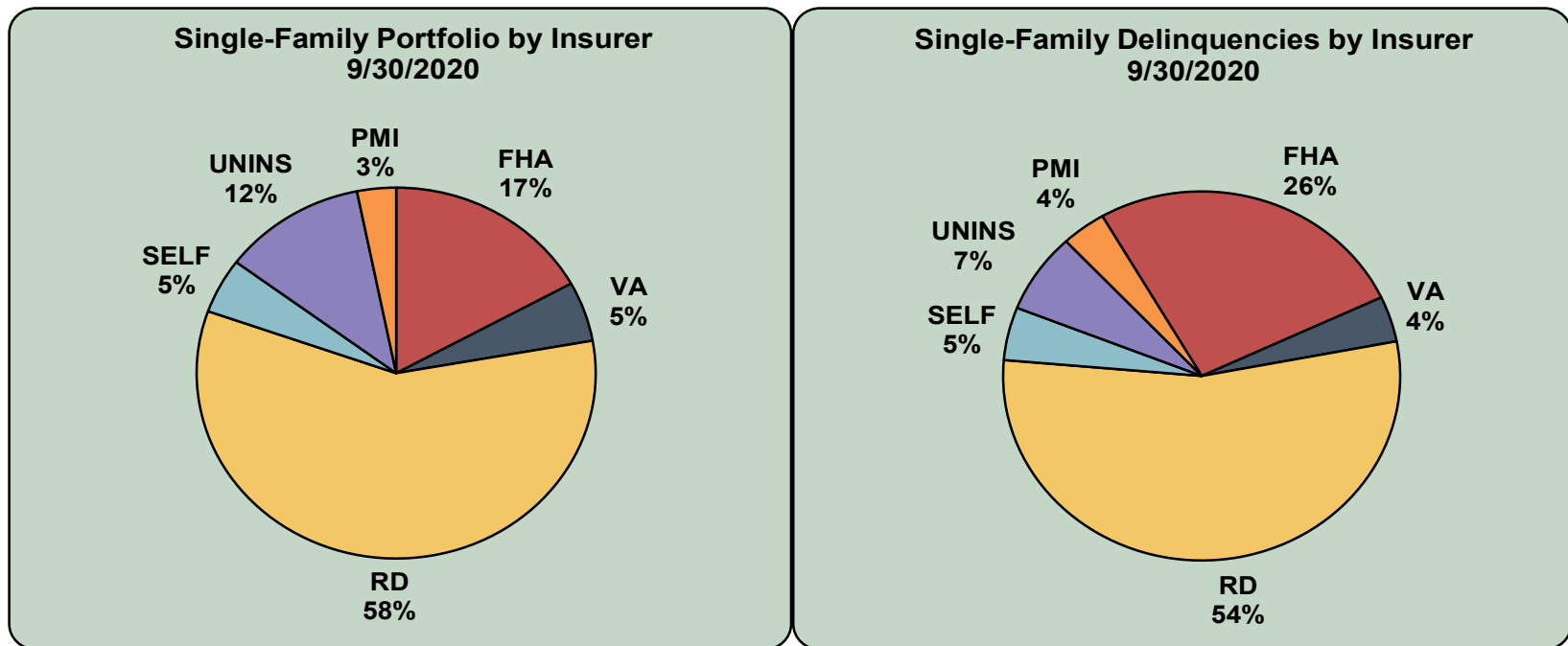
9/30/2020

TYPE	2+ MONTHS	IN-FORECLOSURE
RD	2.39%	0.31%
FHA	1.16%	0.13%
All Uninsured (including SELF)	0.51%	0.07%
Uninsured (excluding SELF)	0.31%	0.04%
SELF Insured	0.20%	0.04%
VA	0.17%	0.05%
PMI	0.16%	0.00%

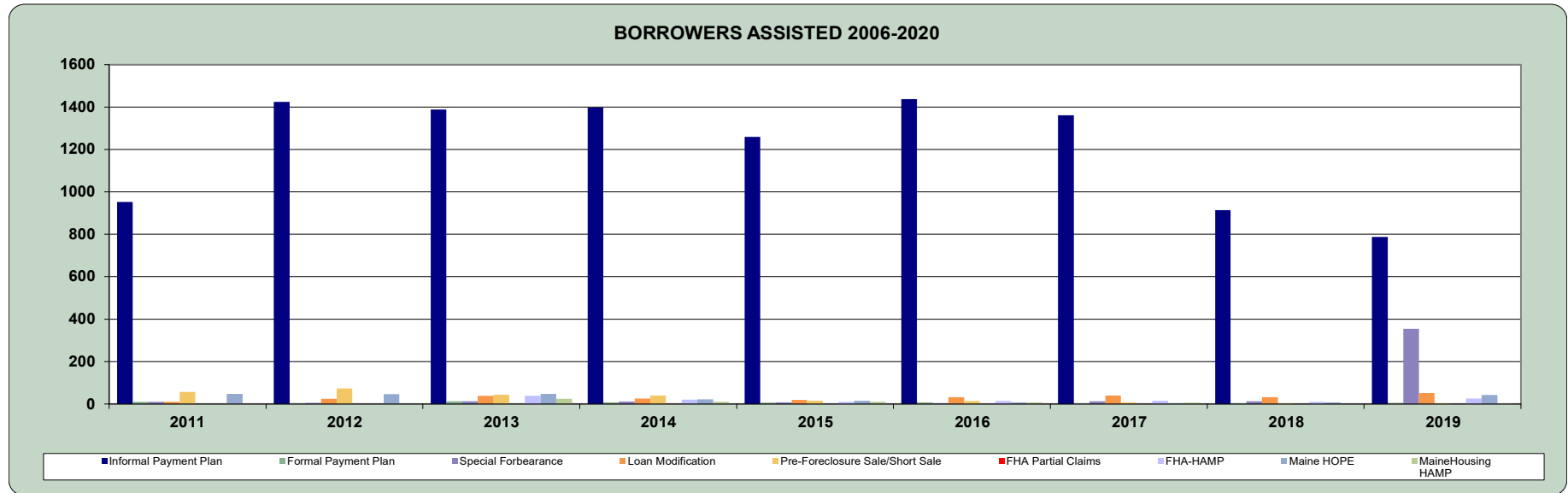


Single-Family Delinquencies by Mortgage Insurer

The following charts show the composition of MaineHousing loans by mortgage insurer. Self insured loans are mainly mobile homes. Uninsured loans are those not needing mortgage insurance (i.e. for loans under 80% property value). The following charts are in dollar amounts.



Single-Family Foreclosure Prevention Activities



Number of Borrowers Approved for Assistance

	Informal Payment Plan	Formal Payment Plan	Special Forbearance	Loan Modification	Pre-Foreclosure Sale/Short Sale	FHA Partial Claims	FHA-HAMP	Maine HOPE	MaineHousing HAMP	Total Workouts
Sep-20	788	5	354	51	3		25	43	2	1271
Dec-19	914	3	12	32	4		10	8	0	983
Dec-18	1361	4	12	39	8		15	3	6	1448
Dec-17	1437	8	4	31	14		14	8	7	1523
Dec-16	1259	6	8	19	15		10	16	9	1342
Dec-15	1397	8	11	26	40		21	22	10	1535
Dec-14	1388	12	13	38	44		38	48	24	1605
Dec-13	1424	4	5	24	73			46		1576
Dec-12	952	9	9	9	56			47		1082
Dec-11	505	42	43	25	43	2		71		731

Actual Foreclosures

	Number of Foreclosures	Number of Loans in Portfolio	Percentage of Portfolio
Sep-20	33	10,806	0.31%
Dec-19	86	10,904	0.79%
Dec-18	57	10,673	0.53%
Dec-17	97	10,332	0.94%
Dec-16	258	10,097	2.56%
Dec-15	233	10,258	2.27%
Dec-14	162	10,526	1.54%
Dec-13	146	10,952	1.33%
Dec-12	60	11,571	0.52%
Dec-11	115	12,311	0.93%



Homeless Initiatives Department Memorandum

To: Board of Commissioners

From: Laurie Murray, Director of Homeless Initiatives

Date: November 10, 2020

Subject: Homeless Initiatives Report

2020 Emergency Shelter and Housing Assistance Program (ESHAP)

The Homeless Initiatives Department released the 3rd quarter shelter payments for the Operations and Stabilization Shares totaling \$1,526,984. The **Operations Share** is based on bed count. The **Stabilization Share** is contingent upon meeting specific rapid rehousing and stabilization benchmarks for the number of clients assessed and stabilized.

	Operations Share	Stabilization Share	TOTAL
State General Funds		\$120,194	\$120,194
State Home Funds	\$120,194		\$120,194
Emergency Solutions Grant (ESG)	\$643,298	\$643,298	\$1,286,596
TOTAL	\$763,492	\$763,492	\$1,526,984

The **Performance Share** provides funding to shelters that achieve specific performance measures that focus efforts on helping clients achieve permanent housing and ensure that they remain in permanent housing. The **Performance Share** is released twice a year at the end of the second and fourth quarter.

2020 COVID-19 Programs

The Homeless Initiatives team continues to work with shelters and other homeless providers to provide assistance and resources for the COVID-19 pandemic. We implemented several temporary programs for emergency shelters in 2020 to address concerns associated with the COVID-19 Pandemic. The table below reflects the current expenditure amounts for each program.

Program	Purpose	Total Disbursed
Homeless Provider Grants	Shelter COVID-19 Costs	\$1,842,570
Wellness Centers	Social Distancing	\$1,967,050
Hotel Grants	Isolation Space	\$1,150,032
Hotel Operations	Client Support in Hotels	\$919,774
TOTAL		\$5,879,426

We have also implemented the COVID-19 Temporary Rapid Rehousing Program for a total budget of approximately \$2 million, with no funds disbursed to date, and are developing a COVID-19 Diversion/Homeless Prevention Program. The Homeless Diversion Program will be administered by our ESHAP participating shelters and will assist people before they become homeless. Shelter staff will receive training during November and December on how to empower people to solve their housing crisis and other best practices that can prevent homelessness.

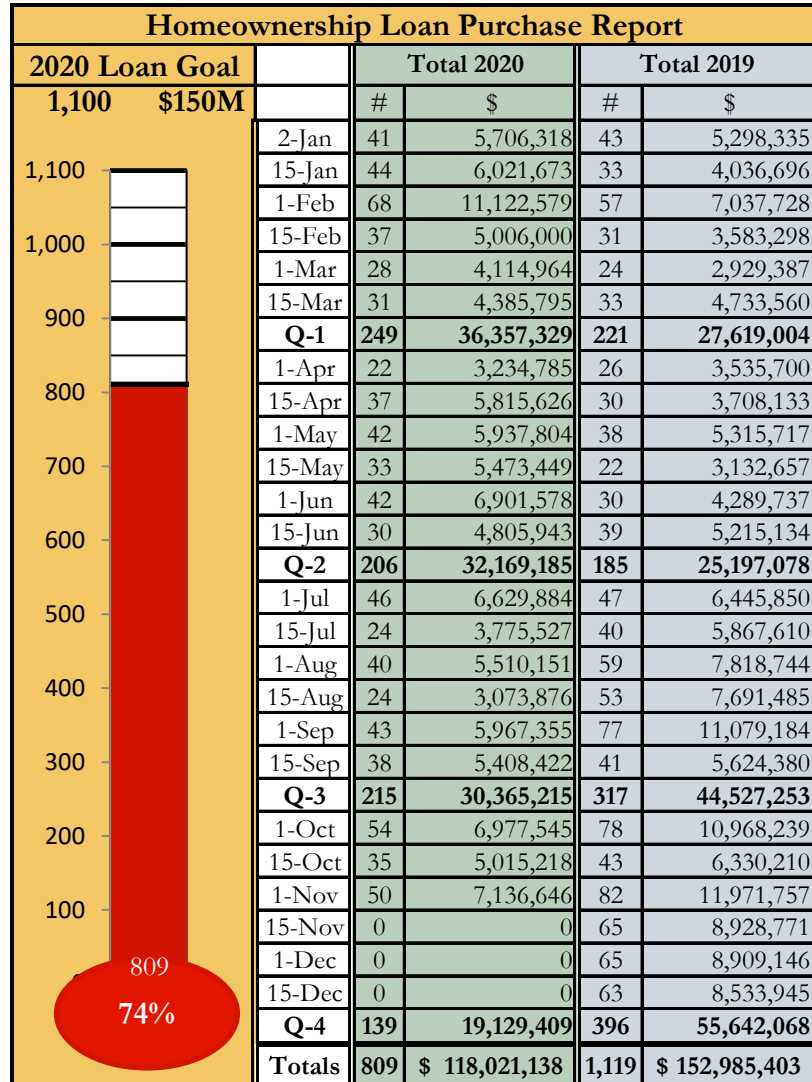


MaineHousing

MAINE STATE HOUSING AUTHORITY

To: MaineHousing Board of Commissioners
From: Craig Reynolds, Director of Homeownership
Date: November 3, 2020
Subject: Monthly Report – Homeownership Department

PRODUCTION UPDATE



Loan Pipeline as of: 11/02/20	
#	\$ Volume
331	\$ 47,265,783

Monthly Loan Reservations: 09/30/20	
#	\$ Volume
110	\$ 15,695,481

YTD Loan Reservation Comparison					
October 2019		October 2020		2019 vs 2020	
#	\$ Volume	#	\$ Volume	#	\$ Volume
371	\$ 51,344,000	331	\$ 47,265,783	-11%	-8%

PROGRAM HIGHLIGHTS

Loan Production & Market Status

Homeownership is pleased to report that First Home Loan (FHL) purchases remains steady at the start of Q4, with the most recent transfer of 50 loans, totaling just over \$7M in volume, was one of the largest since the COVID-19 “era” began earlier this year as shown in the Production Update. The consistent number of new loan reservations (110 in October) continuing to arrive is also very encouraging, with the total loan pipeline now standing at 331 loans totaling just over \$47M in volume.

Traditionally, real estate activity begins to slow entering mid-November as attention turns to the approach of winter and anticipation of the holiday season. However real estate sales this year are expected to remain strong through this period and into 2021 which bodes well for a strong finish to 2020, and a busier than usual start to 2021 for our First Home Loan program.

The following is an excerpt from an October press release by Maine Listings, a subsidiary of the Maine Association of REALTORS® (MAR), in which Tom Cole, the 2020 MAR President comments on the market through September, and confirms Homeownership’s previous reports of increased competition for available homes and resulting increase in sales prices being caused in part from an unusually high influx of out of state buyers coming to Maine in reaction to the COVID-19 pandemic.

“September’s impressive sales volume capped a solid third-quarter recovery for Maine residential real estate,” says Tom Cole, 2020 President of the Maine Association of REALTORS® and Managing Broker of Better Homes and Gardens Real Estate The Masiello Group in Brunswick. “January through September 2020 sales are 2.6 percent ahead of the comparable time period for 2019—Maine’s best year ever.”

“Demand is being powered by historically-low mortgage interest rates combined with the allure of Maine’s quality of life and response to COVID-19 from across the country, while the supply of for-sale properties also remains historically low. With more buyers than sellers in most markets, we are seeing strong competition, faster sales, and increasing pricing,” says Cole. “Typically, about 25 percent of home purchases in Maine are made by out-of-state buyers, and we’re seeing that percentage increase to around 33 percent. In September of 2019, Maine had 445 single family homes purchased by out-of-state buyers. In September 2020, that number was 735.”

As mentioned in the excerpt above, mortgage interest rates remain at or near historic lows with little if any change expected through the end of this year. Fortunately for our First Home Loan program, Tom Cary was recently able to complete yet another successful \$40M single family bond sale to fund the program, allowing us to maintain the base interest rate at an all-time MaineHousing low of 2.875%. Great work Tom!

Lender Partner Training

Mortgage Lending Team Leader, Lisa McKenna recently conducted a virtual lender training for Norway Savings Bank. Jennifer Bell Corbett, VP & Residential Mortgage Sales Manager for Norway Savings coordinated the training for nearly 40 of the bank’s staff members involved in the residential mortgage origination process. Many of the attendees were familiar with our First Home Loan program and were seeking a refresher on more recent program options and guidelines. Norway Savings Bank is a longstanding and valued MaineHousing partner, and is one of a few network lenders to originate the more complex mobile home loans through the Self-Insured (MHSI) program and the Replacement Initiative (MHRI). Feedback received following the training was very positive and set the expectation for increased loan production in the coming year.

Homeownership Staffing Announcement

Homeownership is pleased to announce that Casey Erlebach has joined our staff as a Mortgage Lending Officer handling the primary responsibilities of loan compliance review and maintaining assigned lender partner relations.

Casey first started at MaineHousing in the Energy & Housing Services department as a HEAP Program Assistant in November 2018, and in 2019 she was promoted to HEAP Program Officer for Vendor Relations. Casey brings strong communication skills, analytical/problem solving abilities, proven customer service and partner relationship building experience to her new position, and we are very fortunate to have her on the Homeownership team!

Housing Choice Vouchers Department Memorandum

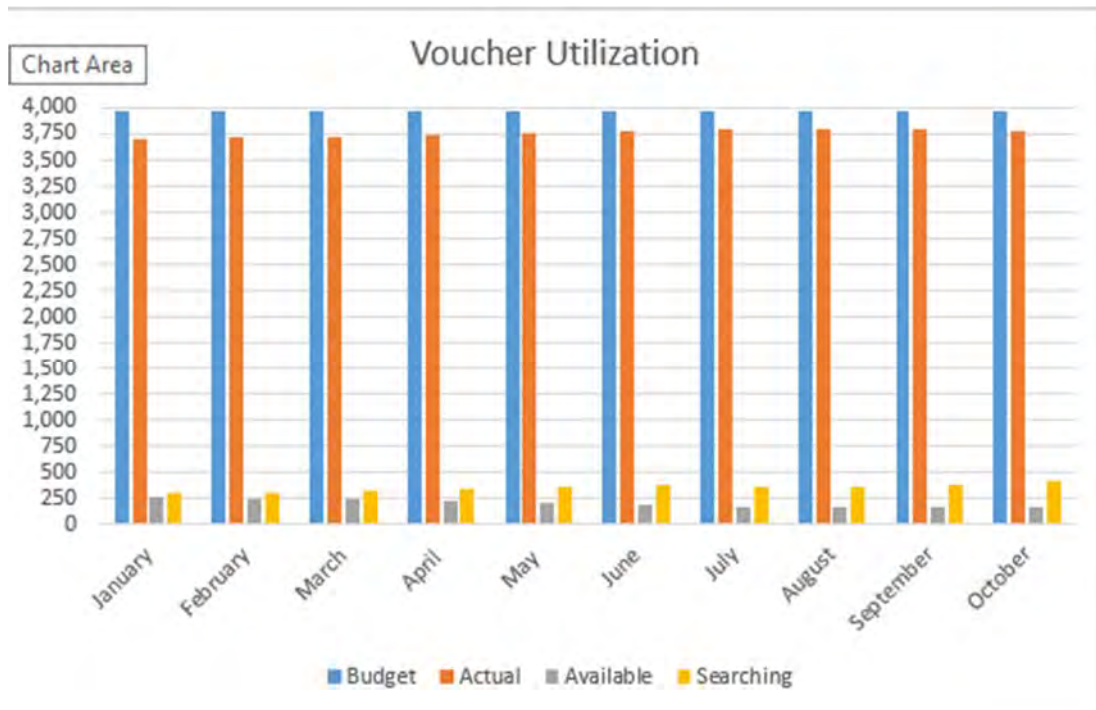
To: MaineHousing Board of Commissioners

From: Allison Gallagher - Director of HCV Programs

Date: November 17, 2020

Subject: Monthly Report – Housing Choice Voucher Program

Program Updates:



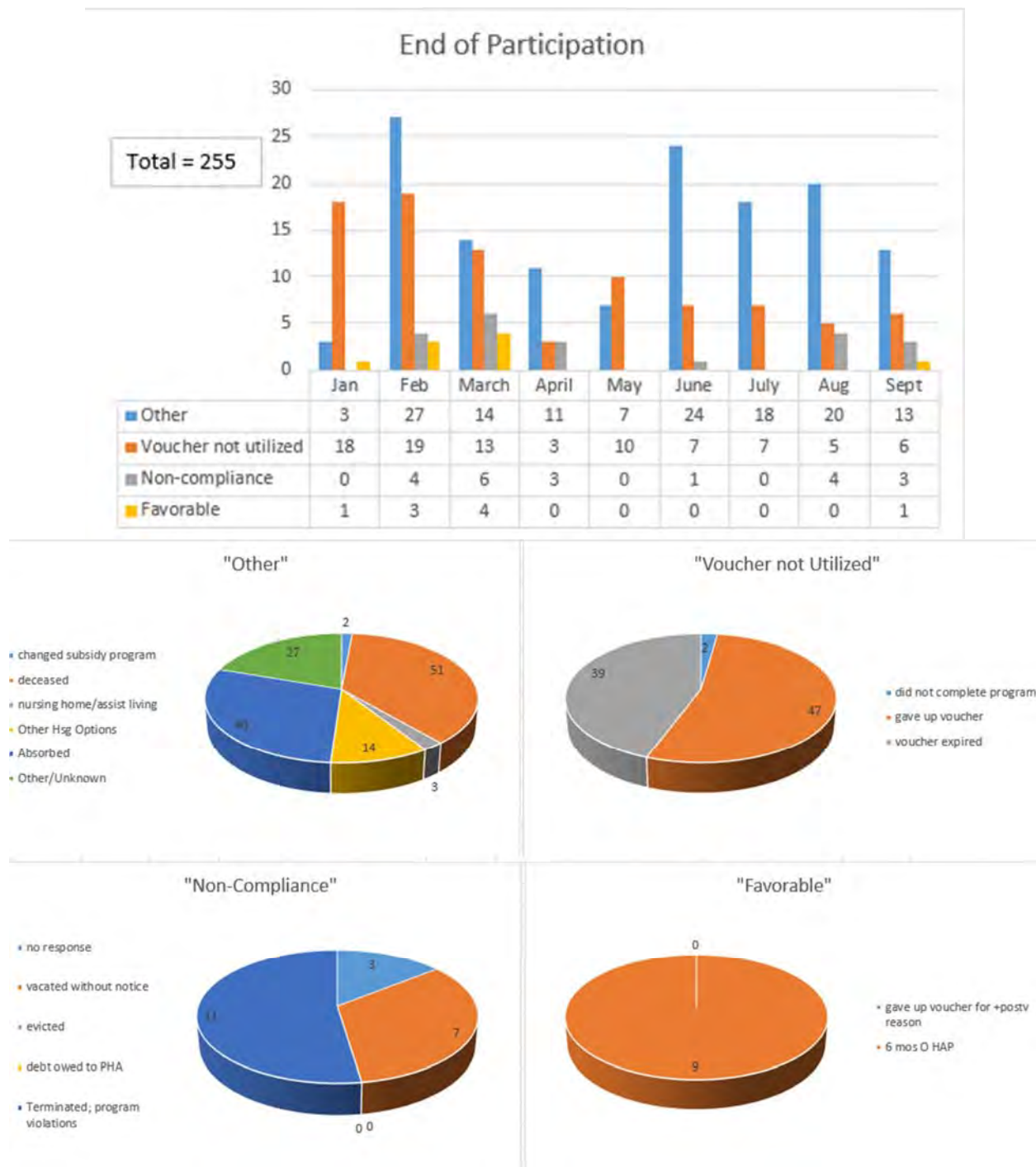
HCV Program Initiatives

1. HCV managers and team leaders have completed the shift to shared work and are working on metrics to help the flow of tasks and encourage staff engagement toward department goals.
2. HCV managers created a Quality Control plan for the department and have incorporated the agencies strategic plan to identify important bench mark areas. This plan outlines our quality control processes both internally and those established by HUD at all levels within the department.
3. LEAN initiative to store all tenant files electronically has been started and we currently have a group of 7 HCV staff who are working on this initiative. Our first goal is to establish an electronic file map.

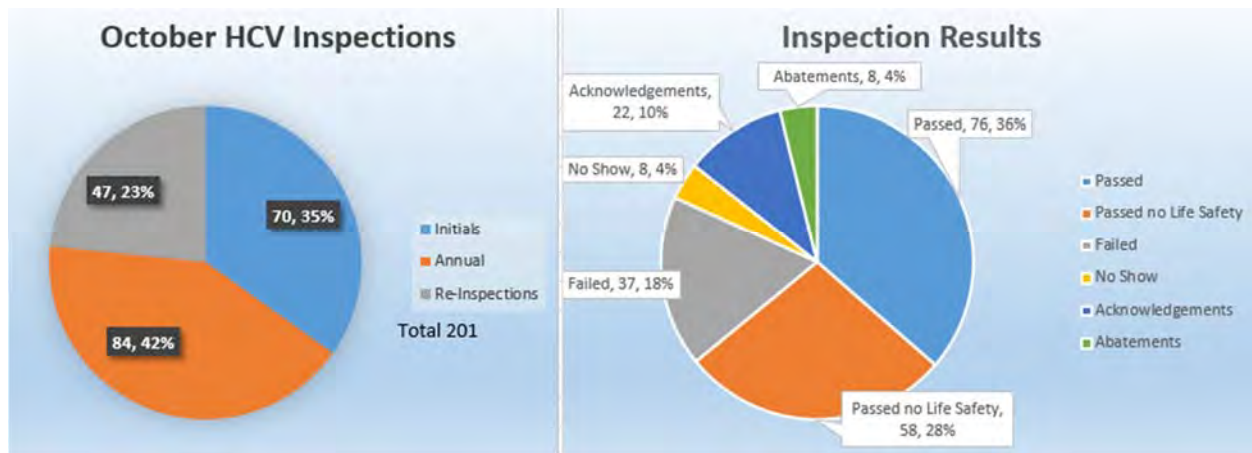
Training

- Allison attended 3 day virtual training for Project Based Vouchers through Nan Mckay
- Occupancy Specialists (Robin, Melissa, Brandy and Jennifer) completed an online Certified Occupancy Specialist training through Nan Mckay.

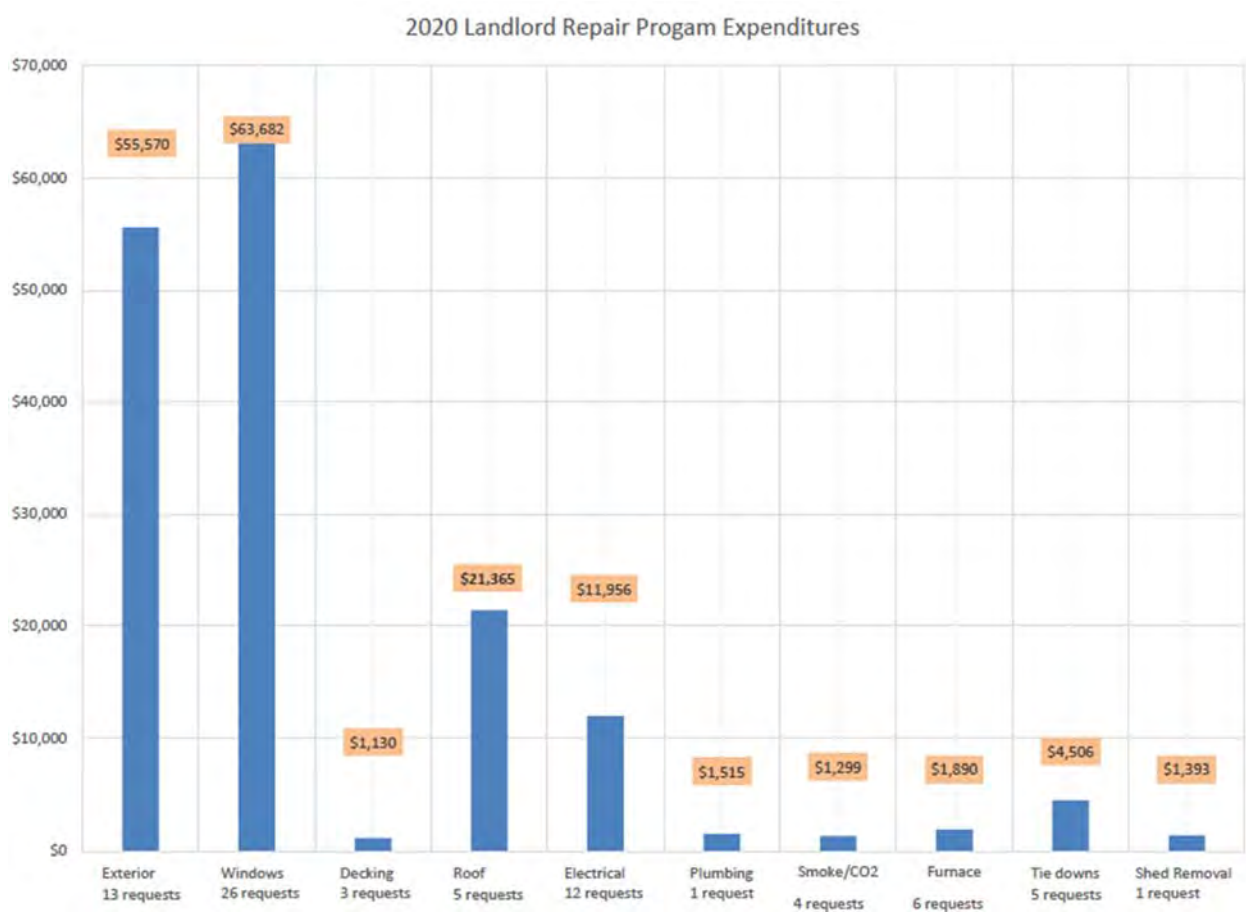
Voucher End of Participation Data



Inspection Updates:



Landlord Repair/Damage Grant



Landlord Repair Program: \$164,305.32

Damage Reimbursement Program: \$10,420.99



Information Technology Department Memorandum

To: Board of Commissioners

From: Sheila Nielsen, Director of IT

Date: November 9, 2020

Subject: Monthly Report

The IT Department has been working on the following efforts since October.

- Awarded RFP for Backup and Disaster Recovery Service to Firstlight. Primary data center is in Brunswick Maine. Finalizing contract terms at this time.
- Completed process to update all exiting computers used for telecommuting. As on premise staff is reduced to no more than 30%, IT is responding to additional requests for telecommuting equipment.
- Reviewed the final Illumant IT annual security assessment result and are happy to report that MaineHousing has received a reasonably secure rating. This is one notch higher than the 2019 assessment results. Given the amount of change to migrate to our new data center, we are very proud of this accomplishment.
- Information Security Committee membership attended the Tyler virtual symposium: Cybersecurity Insights for the Road Ahead.

Board Calendar 2020

JANUARY 21 <ul style="list-style-type: none"> Legislative Preview (P. Merrill) <p>NCSHA HFA Institute (Jan. 12-17) Washington, DC</p>	FEBRUARY 18 <ul style="list-style-type: none"> Introduce HEAP
MARCH 17 <ul style="list-style-type: none"> HEAP discussion Audit Committee update <p>NCSHA Legislative Conference (March 9-11) Washington, DC</p>	APRIL 21 <ul style="list-style-type: none"> Commence rulemaking HEAP 2019 Year-end Financials Commence rulemaking QAP
MAY 26 <ul style="list-style-type: none"> HEAP public hearing QAP public hearing 	JUNE 16 <ul style="list-style-type: none"> Adopt HEAP rule Adopt QAP Commence rulemaking State LIHTC <p>NCSHA Credit Connect (June 2-5) St. Louis, Missouri</p>
JULY 21 <ul style="list-style-type: none"> BOARD MEETING IF NEEDED 	AUGUST 18 <ul style="list-style-type: none"> HCV Annual Plan Public Hearing State LIHTC public hearing
SEPTEMBER 15 <ul style="list-style-type: none"> Adopt HCV Annual Plan Adopt State LIHTC rule 	OCTOBER 20 <ul style="list-style-type: none"> NCSHA Annual Conf. (Oct. 24-27)
NOVEMBER 17 <ul style="list-style-type: none"> Review Preliminary 2021 Budget DOE Weatherization State Plan 	DECEMBER 15 <ul style="list-style-type: none"> Approve 2021 Budget Elect Officers DOE Weatherization State Plan Public Hearing MPP Series Resolution