

MAINE STATE LEGISLATURE

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1 (Governor's Bill)
2 (EMERGENCY)
3 SECOND REGULAR SESSION
4

5 ONE HUNDRED AND TENTH LEGISLATURE
6

7 **Legislative Document**

No. 2012

8
9 H. P. 2071 House of Representatives, February 19, 1982
Referred to the Committee on State Government. Sent up for con-
currence and ordered printed.

EDWIN H. PERT, Clerk

10 Presented by Representative J. Martin of Eagle Lake.

Cosponsors: Senator Conley of Cumberland, Representative
Murphy of Kennebunk and Senator Ault of Kennebec.

11
12 **STATE OF MAINE**
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-TWO
16

17 **AN ACT Creating the Housing Opportunities**
18 **for Maine (HOME) Program and Governing**
19 **Program Funds Appropriated by this Act**
20 **to the Maine State Housing Authority.**
21

22 **Emergency preamble.** Whereas, Acts of the Legislature
23 do not become effective until 90 days after adjournment
24 unless enacted as emergencies; and

25 Whereas, the recent decline in the national economy has
26 caused serious economic dislocation in Maine and partic-
27 ularly serious difficulty for housing consumers and the
28 housing industry in Maine; and

29 Whereas, federal financial assistance for housing in
30 Maine has been sharply curtailed recently; and

31 Whereas, recent changes in federal law have substan-
32 tially lessened the Maine State Housing Authority's capabil-
33 ity to issue bonds to finance certain owner-occupied housing

1 by decreasing revenue sources and by increasing administra-
2 tive and related burdens; and

3 Whereas, the recent decline in the national economy has
4 also impaired the Maine State Housing Authority's capability
5 to make affordable mortgage loans; and

6 Whereas, it is essential and in the public interest
7 that the Maine State Housing Authority facilitate the reha-
8 bilitation of Maine's existing housing stock to increase the
9 housing supply; and

10 Whereas, the implementation of the measures authorized
11 by this Act will aid in arresting further economic deterio-
12 ration and provide more housing for Maine citizens; and

13 Whereas, by providing financing for housing, the Maine
14 State Housing Authority can help to stabilize the housing
15 industry, making jobs available for workers and homes avail-
16 able for purchase or for lease; and

17 Whereas, the programs authorized by this Act must be
18 commenced during the next construction season; and

19 Whereas, the 90-day period between the adjournment of
20 the Legislature and the effective date of legislation not
21 enacted as an emergency will expire after much of the con-
22 struction season has elapsed; and

23 Whereas, in the judgment of the Legislature, these
24 facts create an emergency within the meaning of the Consti-
25 tution of Maine and require the following legislation as
26 immediately necessary for the preservation of the public
27 peace, health and safety; now, therefore,

28 Be it enacted by the People of the State of Maine as follows:

29 **Sec. 1. 30 MRSA c. 239, sub-c. II, Art. 4-C is enacted**
30 **to read:**

31 ARTICLE 4-C. HOUSING OPPORTUNITIES
32 FOR MAINE PROGRAM

33 §4731. Legislative findings and determinations

34 1. Findings. The Legislature finds that:

35 A. Economic conditions within the State and the United
36 States have resulted in a significant reduction in con-

1 struction of new housing units in the State and in a
2 significant reduction of the availability of mortgages
3 made by financial institutions in the State;

4 B. The Federal Government has significantly reduced
5 the types and amounts of housing assistance to citizens
6 of the State and the United States;

7 C. A substantial number of Maine's citizens cannot
8 afford housing which is decent, safe and sound;

9 D. A significant number of housing units in the State
10 require repairs or improvements necessary to eliminate
11 dangers to health or safety of the occupants of those
12 units or to assure that those units are
13 energy-efficient;

14 E. The demand for housing is increasing more quickly
15 than the supply of housing;

16 F. The United States Mortgage Subsidy Bond Tax Act of
17 1980, Public Law 96-499, Title XI, Subtitle A; 94 Stat.
18 2660-2681, and conditions in national financial
19 markets have prevented the Maine State Housing Author-
20 ity from selling bonds to provide funds for affordable
21 mortgage loans on certain owner-occupied housing; and

22 G. The adverse impact of the problems found by the
23 Legislature cannot be effectively lessened without
24 financial assistance for housing provided by the State
25 through the Maine State Housing Authority.

26 2. Determination. The Legislature determines that:

27 A. From time to time moneys should be appropriated
28 from the General Fund by act of the Legislature in
29 order to carry out the program established under this
30 Article; and

31 B. Upon adoption of any such appropriations act, the
32 Maine State Housing Authority shall use the moneys to
33 carry out the program established under this Article.

34 §4732. Housing opportunities for Maine program

35 1. Operator of program. Upon a General Fund appropri-
36 ation of moneys for the Housing Opportunities for Maine Fund
37 created by section 4733, subsection 1, the state authority
38 shall operate a Housing Opportunities for Maine Program.
39 This program may be operated in conjunction with or as part
40 of one or more other programs of the state authority.

1 2. Use of moneys. Moneys in the Housing Opportunities
2 for Maine Fund shall be applied:

3 A. To reduce the rate of interest on or the principal
4 amount of such mortgage loans as the state authority
5 shall determine, to reduce payments by persons of low
6 income for rental of single family or multi-unit resi-
7 dential housing or otherwise to make the costs of sin-
8 gle family or multi-unit residential housing affordable
9 by persons of low income; or

10 B. To fund reserve funds for, to pay capitalized
11 interest on, to pay costs of issuance of, to purchase
12 mortgage loans or otherwise to secure and to facilitate
13 the sale of the state authority's bonds issued in ac-
14 cordance with this subchapter.

15 3. Availability requirement. For a period of not less
16 than 3 months after the date on which any appropriation is
17 first available for expenditure, at least 50% of the pro-
18 ceeds of mortgage purchase bonds assisted pursuant to sub-
19 section 2 and allocated by the state authority for purchase
20 of home improvement notes for owner-occupied residential
21 housing shall be made available for persons of low income
22 whose adjusted income does not exceed 100% of the median
23 family income for the State, as developed by the United
24 States Bureau of the Census for the United States Department
25 of Health and Human Services, or by any successor agency,
26 for use in establishing eligibility for social services
27 funded under the United States Social Security Act, Title
28 XX, or for any other use.

29 §4733. Fund created

30 1. Creation. There is created and established under
31 the jurisdiction and control of the state authority the
32 Housing Opportunities for Maine Fund.

33 2. Definitions. As used in this Article, the term
34 "fund" means the Housing Opportunities for Maine Fund cre-
35 ated by subsection 1.

36 §4734. Sources of fund

37 There shall be paid into the fund:

38 1. Appropriations. All moneys appropriated from the
39 General Fund for inclusion in the fund;

1 2. Repayment of advances. Subject to any pledge, con-
2 tract or other obligation pursuant to section 4735, any
3 moneys which the state authority receives in repayment of
4 advances from the fund;

5 3. Gains from investments. Subject to any pledge,
6 contract or other obligation pursuant to this section, all
7 interest, dividends and pecuniary gains from investment of
8 moneys of the fund; and

9 4. Other moneys. Any other moneys available to the
10 state authority and directed by the state authority to be
11 paid into the fund.

12 §4735. Application of fund

13 1. Application to bonds of state authority. Moneys in
14 the fund may, in whole or in part, be pledged or transferred
15 and deposited as security for and applied in payment of
16 principal of, interest on or redemption premiums on bonds of
17 the state authority issued after April 1, 1982, in accor-
18 dance with section 4732.

19 2. Application on behalf of low-income per-
20 sons. Pursuant to any contract with or on behalf of persons
21 of low income, the state authority may, in whole or in part,
22 apply moneys in the fund in accordance with section 4732.

23 §4736. Accounts within fund

24 The state authority may divide the fund into such sep-
25 arate accounts as it determines are necessary to accomplish
26 the purposes of this Article.

27 §4737. Recovery of moneys applied from fund

28 To the extent permitted by law and to the extent it is
29 economically and socially reasonable, the state authority
30 may recover amounts from any person on whose behalf moneys
31 from the fund have been applied to carry out this Article
32 and may charge interest on those amounts at such rate as the
33 state authority may determine. The recovery may be deferred
34 until sale or refinancing of the housing, until the end of
35 the term of the mortgage loan or until such other time as
36 the state authority shall determine. Recourse for the
37 recovery shall be limited to property subject to the mort-
38 gage, except in cases of fraud.

39 §4738. Revolving fund

