

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 656

H. P. 503

House of Representatives, February 6, 1973

Referred to the Committee on State Government. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. Dunleavy of Presque Isle.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT to Establish a State Housing Rehabilitation Program.

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

Sec. 1. R. S., T. 30, c. 239, sub-c. II, article 8, additional. Subchapter II of chapter 239 of Title 30 of the Revised Statutes is amended by adding a new article 8 to read as follows:

ARTICLE 8. MAINE HOUSING REHABILITATION ACT

§ 4791. Short title

This Act shall be known and may be cited as the Maine Housing Rehabilitation Act.

§ 4792. Rehabilitation loans

The State Housing Authority may make residential rehabilitation loans to qualified individuals and to local housing authorities which rent housing to qualified individuals, at an interest rate of not less than 1%, nor more than 9% per year, such rates to be based upon income schedules established by the authority, for a maximum repayment period of 30 years and upon such other terms and conditions including, but not limited to, prepayment penalties as may be established by the authority from time to time; provided the authority may review income levels biannually for the purpose of altering the interest rate of outstanding loans.

§ 4793. Rehabilitation grants

The State Housing Authority may make residential rehabilitation grants in an amount not to exceed \$3,500 to individuals whose annual family income

is less than \$3,000, adjusted in the amount of \$300 per family member or to an individual whose shelter costs, as determined by the authority, are in excess of 25% of his gross income as adjusted in the amount of \$300 per family member.

§ 4794. Residential Rehabilitation Loan Fund

The Residential Rehabilitation Loan Fund is established to be used by the authority as a nonlapsing, revolving fund for carrying out the purposes of sections 4792 and 4793. To this fund shall be credited all appropriations, loan repayments, fees and all other amounts related to sections 4792 and 4793 and from this fund shall be charged any and all expenses of the authority related to sections 4792 and 4793, including administrative expenses, loan and grant disbursements and other related charges.

Moneys in the fund not needed to meet current obligations of the authority in the exercise of its responsibilities under sections 4792 and 4793 may be deposited with the Treasurer of State to the credit of the fund and invested in such manner as provided by statutes or, at the discretion of the authority, deposited with a major bank trustee under the mortgage purchase program and managed and invested in a like manner as other moneys held by said trustees.

§ 4795. Administration

The State Housing Authority shall administer the programs provided in sections 4792 and 4793 in accordance with the following:

1. Administrative responsibility. The State Housing Authority may delegate its administrative and record keeping responsibilities under this program to applicant communities which have local housing authorities or other appropriate legal vehicles for administration of the financial and individual aspects of this program. When the State Housing Authority delegates said administrative responsibilities, the authority shall provide appropriate and necessary technical assistance to the administering body. Audits of the authority's records shall include audits of the records of bodies administering this program upon delegated authority from the authority. Upon declaration of eligibility and delegation of authority, the authority shall set aside program moneys in the appropriate amounts for the local administering body to utilize to carry out the purpose of this program.

2. Community eligibility. All municipalities which have in effect a housing code acceptable to the authority are eligible under this section. Two or more municipalities may file a joint application or make application through the county, provided all coapplicants meet the requirements under this section. Application may be made through any public agency designated by the local governing body as its representative.

3. Program eligibility. For a program to be eligible under this section, it must be planned and budgeted on an annual basis and include at least 15 dwelling units of which not less than 25% nor more than 80% are code deficient, all of which are situated in a cohesively defined program area or areas. Each area must contain a minimum of 15 dwelling units.

4. Program approval.

A. To reserve funds under this section, an applicant must submit an annual application by such date as is established by the authority. The authority shall either approve or reject such application within a reasonable time. If any application is rejected, written notice must be given to the applicant, listing the reasons for rejection and allowing a reasonable period of time for the same to be corrected. The authority shall not approve any application which it considers infeasible.

B. The following data shall be contained in the application :

- (1) An organizational plan demonstrating a capability for dwelling inspection, cost estimation, loan processing and construction supervision;
- (2) A map of the program area showing each dwelling unit and its rating as either standard or substandard. Building survey reports may be required at the discretion of the authority;
- (3) The effective housing code;
- (4) The proposed loan, grant and administrative budget;
- (5) A report of the applicant's success in carrying out the objectives of the previous year's program, if any;
- (6) A certified resolution of the local governing body approving the program and authorizing the application to the authority.

C. For purposes of this section, all structures used primarily for shelter, which are located either on a foundation or permanent footings, with permanent external plumbing facilities, will qualify as dwelling units.

5. Annual apportionment of funds. Funds expended under sections 4792 and 4793 shall be apportioned on an equal per capita basis to all eligible applicant municipalities. All approved applicants will receive a minimum entitlement plus such additional funds, if available, as the authority may find appropriate to complete the purposes of the program. The minimum entitlement shall be computed on a double per capita basis for all municipalities with less than 5,000 population or located in a county with less than 25,000 population, all computed in accordance with the most recent United States Census, provided the municipality is carrying on one of the following :

- A. A housing code enforcement program;
- B. A program of routinely demolishing dangerous structures;
- C. Adoption and enforcement of building codes acceptable to the authority;
- D. The operation of dwelling units under the Federal Public Housing Program or other program established for the same purpose;
- E. Operation of a Federal Urban Renewal Program or other program intended to accomplish similar objectives.

6. Mortgages. As security for loans made under this section, the authority may take either a primary or secondary mortgage position. For loans in an amount less than \$3,500 the authority may, at its option, accept an un-

secured note. The authority may sell the above mortgages or notes in the same manner as provided in section 4756.

§ 4796. **General provisions**

1. **Limitation.** No individual or structure may receive more than one loan or grant within a 7-year period.

2. **Pilot programs.** The authority may waive the rules under this section and conduct one or more pilot programs in any community which has a demonstrated critical defineable housing problem.

3. **Loan forgiven.** The authority, at its discretion, may forgive a loan in the case of changing economic circumstances which make an individual incapable of repaying the loan.

4. **Local approval.** At the discretion of the authority, local approval of individual loans and grants shall be final; otherwise they are subject to final approval by the authority.

Sec. 2. Appropriation. There is appropriated from the Unappropriated Surplus of the General Fund the sum of \$1,000,000 to carry out the purposes of this Act.

STATEMENT OF FACT

This bill creates a Residential Rehabilitation Loan Fund to enable rural towns and cities to embark on programs which, by bringing substandard housing up to code standards through low-interest loans and grants to qualified applicants, will contribute to the value and appearance of residential property and thereby increase the tax base of the community. It provides a special bonus feature for smaller towns in which code enforcement programs are difficult to maintain.