

MAINE STATE LEGISLATURE

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(New Title)
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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 2028

H. P. 1609 House of Representatives, June 12, 1973
Reported by Majority from the Committee on State Government and
printed under Joint Rules No. 18.

E. LOUISE LINCOLN, Clerk
Presented by Theodore S. Curtis, Jr. of Orono.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT Providing Housing for Maine's Elderly.

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

Sec. 1. R. S., T. 30, § 4601-A, sub-§ 1, §§ M and N, additional. Subsection 1 of section 4601-A of Title 30 of the Revised Statutes, as enacted by section 7 of chapter 470 of the public laws of 1969, and as amended, is further amended by adding 2 new paragraphs to read as follows:

M. For the purpose of providing for the development and construction of new multi-unit buildings to house elderly persons of lowest income in apartment units which are a definite portion of other elderly projects, or in the absence of other elderly projects in any other projects or separate projects undertaken pursuant to this subchapter, the State Housing Authority shall have the power to award, or make commitments to award money to a municipal housing authority or to private nonprofit corporations, or in the absence of a municipal housing authority or a private nonprofit corporation shall have the power to itself withdraw necessary money, from the Revolving Fund to House Maine's Elderly operated pursuant to section 4786, and on such terms and conditions as may be specified by the State Housing Authority from time to time. For purposes of paragraphs M and N elderly persons of lowest income shall be as defined in Title 36, section 6103, subsection 5 and section 6108.

N. Pursuant to the purposes of this subchapter to provide housing for persons of low income, the State Housing Authority shall have the power to make monthly assistance payments to enable said low income persons including elderly people of the lowest income, to secure adequate housing, including rental units. The maximum assistance payment shall not exceed

\$100 per month per household. In determining eligibility of recipients, the authority shall consider those items enumerated in section 4760, subsections 1, 2, 3 and 4. In allocating distribution of such supplement payments, first priority shall be given to assisting occupants of rental units operated pursuant to subsection 1, paragraph M and section 4786.

Sec. 2. 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. HOUSING FOR MAINE'S ELDERLY

§ 4785. Housing for Maine's elderly

1. The state authority shall, within its financial capacity, provide certain housing, which shall be available to elderly residents of Maine, as provided by this subchapter and section 4601-A, subsection 1, paragraphs M and N.

§ 4786. Revolving Fund to House Maine's Elderly

1. The state authority shall establish and maintain a special fund called the "Revolving Fund to House Maine's Elderly" which shall consist of:

- A. All money appropriated by the State for inclusion therein;
- B. All proceeds of repayments required to be deposited therein pursuant to subsection 2; and
- C. Any other moneys available to the State authority which it determines to utilize for this purpose.

2. All the moneys held in the Revolving Fund to House Maine's Elderly shall be used as permitted by section 4601-A, subsection 1, paragraph M solely and exclusively to provide housing for elderly persons. An amount equal to the total money awarded or withdrawn by the state authority pursuant to paragraph M shall be deposited to the fund via monthly payments equal to $\frac{1}{360}$ of said total and shall be made by the municipal authority or corporation receiving the award, or in the case of withdrawal by the state authority such payments shall be made by the state authority. The authority or corporation required by this section to make monthly payments to the fund may, as necessary, charge rents to cover all operating and administrative expenses related directly and solely to said expenses of the authority or corporation operating units constructed under this program as well as sufficient amounts to repay the required money to the fund. No portion of the expenses of the state authority to administer this program shall be covered by such rents, except in the instance when the state authority operates units constructed by monies withdrawn from the fund, then rents for such units shall cover only that portion of the expenses of the state authority for operating such units. Said payments shall be made during a period commencing with the month the units in the project funded by the award or withdrawal are 50% occupied and ending not later than 360 months thereafter.

§ 4787. Age limitation

To be eligible to occupy a housing unit assisted pursuant to section 4610-A, subsection 1, paragraph M of this Article at least one member of the house-

hold shall be an elderly person as of the date the household occupies a housing unit so assisted.

§ 4788. Definitions

As used in this Article, unless the context otherwise indicates, the following words shall have the following meanings.

1. Elderly person. "Elderly person" means a person who has attained age 62 or over.

2. Elderly person of lowest income. "Elderly person of lowest income" means a person age 62 or over who is a member of a household which has household income as defined in Title 36, section 6103, subsection 5 and section 6108.

§ 4789. Administration

The State Housing Authority shall administer this program. In doing so, it may utilize staff authorized and for which appropriations are provided to the Department of Health and Welfare, in the account entitled Housing Services for Older People.

The Department of Health and Welfare shall cooperate with the state authority in operating this program and shall make said staff available, if so requested.

Sec. 3. R. S., T. 36, § 6111-B, additional. Title 36 of the Revised Statutes is amended by adding a new section 6111-B to read as follows:

§ 6111-B.

No claim shall be granted which is otherwise allowable under this Part to any claimant a member of whose household receives, benefits under Title 30, chapter 239, subchapter II, section 4601-A, subsection 1, paragraphs M and N.

Sec. 4. Appropriation. There is appropriated from the General Fund to the State Housing Authority, the sum of \$3,470,000 to carry out the purposes of this Act. The breakdown shall be as follows:

	1973-74
STATE HOUSING AUTHORITY	
Revolving Fund to House Maine's Elderly Housing Assistance Program	\$3,000,000
All Other	450,000
	20,000
Total State Housing Authority	\$3,470,000

STATEMENT OF FACT

In Maine there are approximately 30,000 households headed by an elderly person age 62 and over with an annual income below \$4,000. The high cost of most privately constructed and owned facilities, and the federal and state government programs, including interest subsidy programs, emphasize financ-

ing packages and types of buildings beyond the means of many older people. Such housing units are available to the lowest income older people through use of rent supplements. The need for rent supplements in Maine far exceeds the current supply.

As of April this year 11,451 households received Aid to the Aged with an average payment of \$74.57 per month or \$895.00 per year. The maximum payment allowed by the Department of Health and Welfare is \$130 per month or \$1,560 per year. Of the 11,451 households, 8,806 also received social security that was so low the person still qualified for welfare.

The most recent survey conducted by the Social Security Administration shows that retirement benefits such as Social Security were the most important source of income for older people. As an example, $\frac{1}{4}$ of the married couples and $\frac{1}{3}$ of the nonmarried individuals derived at least 90% of their income solely from such retirement benefits. In Maine, as of October 1972, the 102,000 elderly beneficiaries receive an average social security payment of \$155. per month.

The total cost to the occupant of a privately operated one bedroom apartment frequently exceeds \$195. per month. This figure includes principal, interest, operating and maintenance costs, taxes, insurance, heat, lights and water. Even with interest subsidies, the monthly cost averages over \$145. Through use of rent supplements, the total monthly cost can be lowered to a level within reach of the aged welfare recipient or other lowest income older people.

Clearly the low income of Maine's elderly vis a vis the high cost of housing strongly recommends action by state government.

The purpose of this bill is to take an initial, and admittedly small, step to house Maine's elderly more adequately at a reasonable rent they can afford. This bill proposes doing this as economically as possible without high interest payments and without financially binding future Legislatures to meet any fiscal obligation.

First, this bill would provide 3 million dollars to construct approximately 200 units of one bedroom apartments for the elderly. The state housing authority would make grants to local housing authorities or private non-profit corporations to cover the cost of construction. By awarding interest free grants, rather than paying interest at $7\frac{1}{2}\%$ for a 30 year period, it would be unnecessary to spend \$4,552,000 for interest payments.

Thus, it would be possible to construct 200 units immediately without morally or financially obligating future Legislatures to cover interest payments. By stipulating that rents may be charged, the principle sum awarded would be repaid to a Revolving Fund. This would provide for construction of units in future years at no cost to the state for construction, interest or bonding. This bill is an initial step to establish a pay as you go system.

Without interest to pay, the total monthly cost to the occupant would be lower also. The rent would be approximately \$147. per month, based on a 30

year period, for the costs itemized above, except interest. Such a figure still is out of reach for the lowest income elderly.

Secondly, this bill provides \$450,000 to establish supplements, based on the occupant's ability to pay, that would be available for approximately 500 occupants of housing. The monthly help to the occupant could average \$75. but in no case exceed \$100. per household. Up to 200 units of the new elderly apartments would be eligible for rent supplements. The appropriation is sufficient to allow supplements to 300 other units occupied by younger families.

The monthly total cost to an elderly occupant of a new apartment would range from \$47. to \$147., and would average \$72. per month.

Low and moderate income younger families could seek supplements to assist them in buying homes, often large ones, vacated by the elderly. Assisting 300 such units would substantially stimulate the Maine housing industry. Providing financial help to younger families would create demand for purchase of 300 units. Transactions on all these units would be handled conventionally through banks and associated parts of the housing industry. Principal, interest, brokerage fees and other costs would be the responsibility of the new buyer. The new buyer could avail himself of the supplements to assist with the purchase.

The criteria that older people must meet to be eligible to occupy the apartments are the same criteria older people must meet to file with the Bureau of Taxation for a refund of property taxes. The household of an older person which receives benefits under this Act would not be eligible to receive property tax refunds for the elderly.